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**HIGH COST OF LIVING IN THE DISTRICT
OF COLUMBIA**

HEARING

BEFORE A

**SUBCOMMITTEE OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA
UNITED STATES SENATE**

SIXTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

S. RES. 150

**TESTING THE COMMITTEE ON THE DISTRICT OF COLUMBIA
TO MAKE INVESTIGATION OF PRICES, RENTS, AND RE-
LATED SUBJECTS IN THE DISTRICT OF COLUMBIA.**

Printed for the use of the Committee on the District of Columbia



WASHINGTON
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1919

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Before calling on Dr. Mosher I would like Senator Sherman is chairman of the District of Columbia Committee and will name this subcommittee, to outline what, in his mind, is the method of procedure.

Senator SHERMAN. I do not want to make any suggestion the plan or course to pursue. All I have to offer will be the way of suggestion than anything else.

Chairman BALL. Later on?

Senator SHERMAN. Yes. The subcommittee must determine itself the number and kind of help it will call to this investigation. That, it is evident, can not be done by the ordinary help that belongs to the subcommittee's office or the individual Senators. What I think the subcommittee wishes to do is to find whether there is an undue margin between the retail sale of merchandise, taking staple goods, and the cost to the retailer, the jobbing price. Is there any difference in that margin of profit beyond what is reasonable as compared, say, with Baltimore, find out if any reason for that charge or that margin of profit being larger in Washington, if it exists. I do not know whether it does or not. The charge made that it is so, that the margin of profit here or the retail price is greater in Washington than it is outside in other cities where practically the market conditions are about the same. If there is a reason for that margin being larger in Washington, ascertain what it is.

It is possible that wages are higher here, rents are higher, the cost of transaction of a business may be higher here. If it is, find it out, and if there is a greater margin here than in other cities for a kind of merchandise, if that fact should be ascertained, find whether there is any valid reason for it. If not, ascertain then what would be a reasonable margin.

The charge is made both in newspaper reports and by a good deal of correspondence that has come to me and, I know, to members of the subcommittee, that prices are higher in Washington than they are elsewhere. I have some specific statements in letters to me. I do not know what has been ascertained by the investigations already had in that particular; but I know in specific instances that they have come to me within the last 60 days, say, or since the 1st of April, that the price, for instance, of foot gear is higher in Washington than it is outside, or it is so alleged. The price of clothing is higher in specific articles, specific garments, haberdashery, clothing, footwear, particularly boots and shoes, are reported to me to be less in price in other cities than here. Find out whether that is so in specific cases within the last 30 days, bringing it as near to date as possible. Ascertain whether or not there is any general comparison that can be made with investigations already had. I am informed that it can be done; that the Labor Department has conducted an investigation. It has compared retail prices as well as jobbing prices in various cities of the United States. That will furnish a starting point for comparison.

Generally what I had in mind is to ascertain the prices in the local markets the actual prices in the markets in Washington. I am sure all of us here have had some experience in our homes in the high prices and that may be general or it may be just sporadic instances of overcharge. Those cases have been reported to me from various sources by letters and some by word of mouth. But my idea

to get these prices as they are current to-day, or as near the truth as this report will be made as based upon such evidence as is obtained with a finding as to the local condition in the District of Columbia.

That is my idea was, and I believe it is the idea of the subcommittee to make this an investigation for the District of Columbia. It is probable there will be also a joint resolution by the two Houses of Congress, either a joint committee or possibly a central committee to investigate generally throughout the United States. I think that would be another matter altogether. I think our party here confines itself to local conditions in the District of Columbia and I trust the committee will take up that service with regard to that duty.

MR. BALL. The idea is that the committee, being the Committee on the District of Columbia, has jurisdiction only in the District of Columbia?

MR. SHERMAN. Yes. Our problem relates to the District of Columbia or the city of Washington, and with such help as you call for assistance you will go along that line, furnishing whatever you can in solving the question.

It should include. I might say, probably an investigation of rents. I think that would be beyond the province of the committee.

That would remotely at least connect itself with the investigation of the last winter on the rent question by this same committee. It resulted in no legislation, but in the framing of a bill. One bill was introduced in the House and came over to the Senate. One was reported in the Senate, but no legislation resulted. I think the committee should take up that question and find whether the rents are affected or not by existing conditions.

MR. BALL. The committee would like to hear from Dr.

STATEMENT OF DR. W. E. MOSHER.

DR. MOSHER. Gentlemen of the committee, ladies and gentlemen, in my introduction I will say that I am in charge of the economic research work of the Joint Commission on Reclassification of Salaries. In connection with the study that we propose to make in the determination of the standard scale of salaries for Government employees it is of course of prime importance that we take into consideration of the cost of living in Washington. I think Senators Ball and Spencer of our commission got in touch with Senator Capper and Senator Ball a few days ago, suggesting that this committee of the Senate and the Commission on Reclassification of Salaries should very well cooperate because of our common interest in the subject. On account of this common interest I had a talk with Senator Ball and Capper last week, and they suggested that I come forward and outline some of the plans which we had in mind as a part of our preliminary survey of the possibilities of making this study. With regard to the high cost of living and profiteering, I feel that the first requirement on the part of the investigating agency is openness. So far as my acquaintance goes, most of the studies of the cost of living or the high cost of rents that have taken place in this country and Canada, as well as in Europe, have proven that

conceptions concerning profiteering on the part of the investigator have not been sufficiently well founded.

The more closely one examines the problem of high prices the more complex the problem becomes. Simple solutions may easily turn out to be no solutions at all. Forces of world-wide significance are the chief factors in determining prices to-day. May I refer to one or two in passing, in order to indicate more clearly the need of an open-minded attitude on the part of anyone interested in analyzing the high cost of living?

In the main I think you will find that economists agree that the primary cause of the high cost of living to-day is the large amount of paper money which has been floated since the outbreak of the war. I have recently talked with several of my friends who have followed the financial market pretty closely, and they are of one mind that the cause of 50 to 65 per cent of the increased cost of living is attributable to the emission of large quantities of paper money.

Fundamentally, then, we have here to-day something which is beyond the jurisdiction of any legislative body. It has to do with the credit conditions of the world, and the financial status of the United States as never before is linked up with the unsound credit conditions in European countries.

The second main cause of the high cost of living, in my judgment, is the scarcity of materials prevailing throughout the world, a scarcity of raw materials and a scarcity of manufactured materials. Coupled with this and closely related to it is the scarcity of labor and the idleness—either enforced or voluntary—of certain considerable groups of laboring people. Here again we must look at the United States as a part of the great world community.

Those, and I believe it would be generally admitted, are the basic causes of the high cost of living.

There are certain other economic causes that I might call to your attention, but you are not so interested, I take it, in having a general survey as in getting down to the problem of discovering whether or not in how far profiteering is an important factor in increasing living costs, in order then to bring the force of public opinion or some local legislation to bear on those who are taking undue advantage of the present situation. I justify these introductory remarks that may have seemed to you to be of too general a nature, on the ground that they indicate how complex the problem is with which you are dealing and how necessary it is therefore that one approach it in the spirit of open-mindedness. I hope that the Senate committee will—and its introductory remarks of its chairman, Senator Ball, give me every reason to believe that it will—approach the investigation in just this spirit.

Let me attempt now to formulate the problem in a definite way and then suggest one or two methods for your consideration that may throw light on its solution.

A most serious charge has been brought against the merchants of Washington; this, that they have taken unfair advantage of the public, to which they minister and of which they are a part. This charge affects their honor. This committee has been commissioned to investigate the charge, to establish facts, to pass judgment, and to devise ways and means of limiting the abuse. The community

impartiality and fair-mindedness in the proceedings of the committee. The business men, as a body, should welcome such an investigation. They should even go further and offer the committee their cooperation, so that those who have pursued fair methods should be placed before the public and those who have dealt unfairly should be condemned.

As to the matter of methods that the committee may adopt in discovering profiteers, it is important that we understand what the word really means. A number of us had a discussion the other evening as to what profiteering is. It was pointed out that there were no two people who would agree on any definite term; for the purposes of this committee, however, it must be defined. Perhaps my own judgment, as a result of the discussion and of my own thinking, would lead me to define it in the following way: It is the taking of unduly high profits in 1919 as compared with the range of net profits that it was possible for the given business to make in the prewar years 1913, 1914, and 1915. That is, to establish the fact of undue profits it is necessary for one to examine the books of the concern which is under investigation for a number of prewar years, as well as one or two of the war years and 1919. On that basis that one has the right to say that any given business is making an undue amount of profit. Therefore, so far as business enterprises are concerned, and, parenthetically, it should be pointed out that there is practically no manufacturing and only a small amount of jobbing in Washington—I am of the impression that this is primarily a task for expert accountants that confronts the committee. Such men should go into typical concerns in various parts of the city, dealing in various commodities—clothing, furniture, hardware, goods, groceries, etc.—and investigate the books of those concerns for three or four or possibly five years, in order to determine whether the net profits that they were able to make in 1918 and 1919 are comparatively very much higher than they were in 1913 or 1915. They would naturally take into account the way the business was figured in the two periods, as well as differences in volume of business.

Further, I think it is very important that one should investigate concerns which were going concerns in the prewar years and are still going concerns now.

I am inclined to believe, therefore, that the basic principle which the committee might well adopt is that it should study profits in the war years of typical going concerns in 1913 and 1914, and also 1918 and 1919. I would definitely urge the committee not to take into account the cost of individual items. I do not believe that would be fair. It is very possible for a merchant to sell certain goods below cost. I understand from a man at the head of one of the large groups of chain stores that they are selling at a considerable loss certain vegetables and canned goods to-day, and that they have not done so for the last month. Of course they are making it up on something else. This illustration alone would seem to me to justify the procedure of investigating the net profits of the concern right straight out, not picking out certain individual items.

CHAIRMAN BALL. Is it fair to take the prices in 1912 and 1913 and compare them with prices in 1918 and 1919?

Dr. MOSHER. I think your misunderstanding is very probable because I did not expand sufficiently on what I meant.

I refer to net profits, not prices: the profits being the percent returns on the money invested in 1913 and 1914, or 1918 and 1919. You would have to take into account the money invested and money turned over in the course of a series of years in order to determine whether the profits in 1919 are unduly high. There are such things, of course, as unconscionable profits, and I think a committee would discover who are making unconscionable profits. The fact having been established, the committee would then proceed to determine the remedy. I am interested at present only in the former matter.

Before concluding the discussion of this suggestion, I wish to draw attention to what will prove to be the source of much difficulty in the conduct of an investigation of account books. I refer to the fact that there will be many firms which it will be important to investigate along this line but which you can not satisfactorily investigate because of their poor methods of bookkeeping. The Federal Trade Commission has for some time been carrying on a propaganda, one of which is to have a proper cost accounting system introduced among the business men of this country. I recall reading a report in a newspaper several months ago of the National Association of Credit Men, to the effect that over \$75,000,000 was lost annually by its members because men would not keep books properly. There has been quite a propaganda carried on just recently urging business men to keep books.

This lack of system is of course going, in a very large measure, to complicate the business of your expert accountants, if you decide to adopt this suggestion. You will have to limit yourselves finally, if you do use expert accountants, to those concerns which have had a good system of bookkeeping in the course of the last five or six years. You will, however, I believe, get a very good line on the situation by referring to just these business enterprises because their books will indicate pretty well what the standard of prices and profits has been right straight through the whole trade. In Washington the DuPont Market, the A. & P. Co., and the Sanitary Grocery Co. undoubtedly have sound methods of bookkeeping. In the main you will find that the grocery stores have had to maintain about the same standard of price. It may be that they have scaled up 5 or 10 per cent over and above the chain stores. You can determine what percentage ought to be added to the prices asked by the chain stores in order to determine prices asked in competing concerns. If the average has not yielded to the grocerymen whom you investigate a very high percentage of profit you will be justified in assuming that there has not been then, in the main, profiteering among retail grocers.

The first point that I wish to emphasize is that, in my opinion, an investigation of profiteering is primarily a proposition for expert accountants. It seems to me therefore that the committee would be wise in engaging some one who can organize a study of typical store dealing in various commodities in this city in order to determine the range of net profits in normal times and in the present period of high prices.

Let us turn for a moment to the matter of rents. I think it very important that the renting situation in Washington should also be investigated, as Senator Sherman just suggested, and so far as the Commission on Reclassification is concerned, we would expect to profit very much from this special investigation.

It would seem to me that a point of departure with regard to a study of profiteering in rents and leases might be found in the files of Capt. Peyser, who was counsel for the Housing Corporation and who investigated claims against lessors and real estate agents acting contrary to the Saulsbury law. These files are, I believe, Government property. As I have gathered it, there are 27,000 cases on file of attempts at profiteering with regard to rents and leases. It seems to me that a study and an analysis of these cases might very well give one information as to what firms were encouraging or were supporting clients in their exorbitant demands of people already occupying rooms or suites of rooms, and it also would give one a line upon the people who have engaged in extorting more than what seemed to be a reasonable amount. If I am not mistaken, every one of these cases was won in court by the organization for which Capt. Peyser was the counsel.

I am not sure this is the way to go at it, but it seems to me that perhaps an investigation of these files would indicate as to whether there was not sufficient material here so that one could immediately get in touch with individual lessors and real estate firms in the various districts of the city where profiteering has been going on.

Furthermore, I have heard it variously stated that there is to be an increase of 30 per cent in the rents on the 1st of October. I would therefore urge the committee to take as its basis of study the rents as they were in 1918 and as they are to be on October 1, 1919. It might very well be that 30 per cent is a normal and a fair increase. I do not know. That is something, of course, which would have to be developed after studying the field under the direction of those who are expert in making such investigations. As in the case of merchandise, those who rent houses have a right to expect a certain return on their investment over a period of years. They might even expect beyond that that your investigators should average their income from rentals over a period of 10 years rather than simply in 1913-1917. It is conceivable that such special treatment would be entirely just in view of the housing situation in Washington from 1905 on.

It has also been said that there is an agreement among real estate agents not to rent any vacant houses at all; that is, that real estate men are furnishing houses and renting furnished houses at exorbitant prices. I think there is no question about it, that it is almost impossible to rent an unfurnished house to-day. If there is an agreement of this sort, it would seem that it is not a fair way of treating the public. That would be established as true or untrue upon investigation.

Senator CAPPER. What items of expense would enter into the matter of determining what an increase in rents should be? On what basis would you arrive at it?

Dr. MOSHER. It seems to me that in connection with this investigation you must take into account the amount of money invested

and the net returns over a period of years. The conditions in Washington before the United States entered the war, as I understand it, were very bad. Washington was overhoused, and it seems to me only fair that those who owned houses and were not able to rent them, or rented them at a very low rate, ought to have some allowance made for that when the market came up. But in general I feel very clearly that the proper basis for approaching this matter is on the basis of the money invested.

Chairman BALL. That was my idea in asking the question before. It seems to me that the price of anything in 1912 or 1913 as compared with the price in 1918 or 1919, or rather the percentage of increase, ought not to be the same. You take the professional man, or any other man to-day; his rates have been increased very materially because the general expense of living has been increased. The storekeeper has got to live. He has got to make a relatively small profit, probably, but he has got to increase his percentage of profit over 1912 or 1913.

Dr. MOSHER. Yes, sir. You see, Senator—

Senator CAPPER. The dividends on their investments do not increase very much.

Chairman BALL. Probably some. Almost every investment has increased somewhat. The point I tried to make was that the cost of living has increased. No matter how you take it, without any profiteering whatever, the expense of everything has increased. A man is entitled from the sale of foodstuffs to a small percentage increase over 1912 or 1913. I think we ought to take that into consideration.

Dr. MOSHER. I have been cautious, at least I meant to be, with regard to stating what an undue increase would be.

Chairman BALL. Yes; I appreciate that.

Dr. MOSHER. I should like to leave leeway for certain increases, and it seems to me that you are very wise—

Chairman BALL. I wanted to know if you approved of that proposition.

Dr. MOSHER. Indeed I do; yes. It seems to me there is no question about it that the dealer in commodities has a perfect right to expect a certain increase. It seems to me that that will be pretty definitely justified by the investigation. That is a problem, of course, for the committee and it is not necessary at this time for us to determine how the increase is to be translated into percentage units.

Chairman BALL. Yes; we understand.

Dr. MOSHER. So far as any penalties or restrictions are concerned which the committee may see fit to consider, there is just one word of caution that I would like to give—I do not know that it is necessary—I refer to the difficulty of enforcing restrictive legislation in the industrial or commercial field without seriously interfering with the operation of the law of supply and demand. If you set a fixed limitation on profits in the real-estate field that is not of a rather liberal nature, real-estate brokers will not be interested to invest and the conditions will become worse rather than better.

The principal explanation of high prices in the matter of housing is undoubtedly a question of undersupply. The demand for new houses in our large cities was never greater. The inactivity in the

tion market is due, in my opinion, not alone to the high materials and of labor, but also to the uncertainty as to the which may be adopted by the city government as to excess profits. The operation of these three causes has brought construction to a standstill to-day. Any provisions that you it to make, therefore, ought to give due weight to the lack science that prevails among investors in real-estate develop-

ment to-day. In making one or two suggestions as to possible remedies, I would venture a prediction concerning the outcome of the investigation to be carried on by this committee. The opinion that I express is based upon the results of similar investigations that have been carried on in certain of our American cities, in Canada, and abroad. I believe that at the end of its investigation the committee will come to some such conclusions as were reached by a similar commission in Canada which recently rendered its report. The Canadian commission was unwilling and unable at the end of its investigation to say that either the wholesalers or the retailers or the middlemen were unreasonable profiteers. They were unable to generalize as to any one class. In so far as I have judgment in this case, it would be that your findings will not warrant you in generalizing as to any one class of people in Washington. This would not deter me from carrying on the investigation, however. The matter has come to such an issue, public opinion is so aroused, that such a study as you are planning should be carried through in order to clear the air. In case you discover real profiteering, as you doubtless will in certain instances, it will probably be found that the power of public opinion will be a sufficient corrective.

Finally, it may be permitted me to make one or two suggestions as to general remedies that the committee may find it worth while to consider and to bring to the attention of the people of the District. There has been no time like the present to acquaint the American people with the possibilities of the cooperative idea as applied to the purchase and distribution of common commodities. The cost of living has been greatly reduced in certain European countries, because they have developed the ability to buy together and to sell together on a cooperative basis. We Americans, traditionally and naturally individualistic, have seen cooperative schemes come and go; we have not been schooled by a military system nor by want and privation to sacrifice our individualistic tendencies to such social processes as have been developed, particularly in England and Germany. Cooperative organizations are doing millions and millions of dollars' worth of business every year in these foreign countries. Goods are marketed at regular prices, the people profiting from the dividends that are declared from time to time on the stock which they have subscribed in the cooperative enterprise. In some cases the raw materials are purchased, are fabricated, and are marketed by the cooperative corporations. One of the promising signs of the times is the fact that certain of our large centers have recently launched, particularly in trade-circles, cooperative stores. There is a movement on foot that is toward the organization of the various individual cooperative societies throughout the country. Plans are underway at the present time, I understand, for starting a cooperative organization among

the union people of this city. It is well known that the North Dakotan farmers, who are engaged in one of the biggest social and economic experiments of our time, are planning to market large quantities of their products through a cooperative organization that is being fostered by the trade-unions of Chicago.

It appears to me that this committee might very well take the opportunity that it has of making specific recommendations concerning cooperative purchasing, marketing, and distributing on the part of the people of the city. It is to be hoped that the committee will make so worthy a report that it will command a widespread reading, so that the cooperative movement may be called to the attention of the American people as one of the chief means of reducing the high cost of living.

A second remedy, also of a general nature, that it may be well to emphasize is the importance of directing attention to increased production. This appears to me to be a prime means of reducing the high cost of living. Probably the one platform upon which the English people, including manufacturers, trade-unions, politicians, laborers, and statesmen, have found common ground is the program of increased production. You will find that manufacturers' associations, industrial conferences, the labor party, trade-union organizations, etc., over and over again are striking in unison upon this one note—*increase production*. I consider that the question of greater production if properly solved will contribute more toward the solution of the high cost of living than any amount of legislation that may be conceived.

I take the liberty of offering these two suggestions to the committee in the thought that they may wish to make in the conclusion of their report some constructive suggestions concerning the best methods of coping with the seriousness of our present situation.

In conclusion, let me call attention to two agencies of the Government that are well equipped to cooperate with this committee in the conduct of its inquiries. I refer to the Federal Trade Commission and the Bureau of Labor Statistics. The former has specialized in making investigations and analyses of costs and profits along various lines of trade and industry. Its advice as to the best means of conducting such an investigation of the profits of the mercantile concerns in Washington, as I have suggested, would be invaluable. In case the commission itself is unable to undertake the work that this committee may wish to have done, its advice as to a proper agency would be final.

The Bureau of Labor Statistics has been compiling data for a number of years as to wholesale and retail prices of various commodities for a number of cities in the United States. The statistics regarding retail prices for between 40 and 50 staple articles of food for Washington and 48 other cities would immediately commend themselves to the attention of the committee.

The Bureau of Labor Statistics collects figures also as to the cost of gas every three months. It recently made a study of the rents in Washington and a number of other cities. The bureau has a staff of expert statisticians and of expert investigators as to prices, etc., that would be able to render invaluable assistance to this committee in working out and carrying through its program.

I think, Mr. Chairman, that this covers in the main the points I wanted to bring to your consideration, and I thank you for the opportunity of addressing the committee.

Chairman BALL. The committee thanks you, Doctor, for your assistance in this matter.

The committee will hear from Mr. Marshall, representing the Bureau of Markets.

STATEMENT OF MR. HERBERT C. MARSHALL, ASSISTANT CHIEF OF THE BUREAU OF MARKETS, DEPARTMENT OF AGRICULTURE.

Mr. MARSHALL. Mr. Chairman, I think the best thing that one could do would be to emphasize some of the points that have just been made. I feel that Dr. Mosher has covered the ground pretty thoroughly. However, there are certain phases of the problem that I should be glad to discuss a little more in detail, and perhaps I can be of more help in that way than in any other.

The first point that Dr. Mosher made was that you should not forget that there are great fundamental causes that have caused a rise of prices generally throughout the world. Having made some study of such problems, both in former years and more recently, I should like to present some of the facts to the committee—not that they are new, but that perhaps it may be helpful to have them clearly in mind from the outset in this investigation.

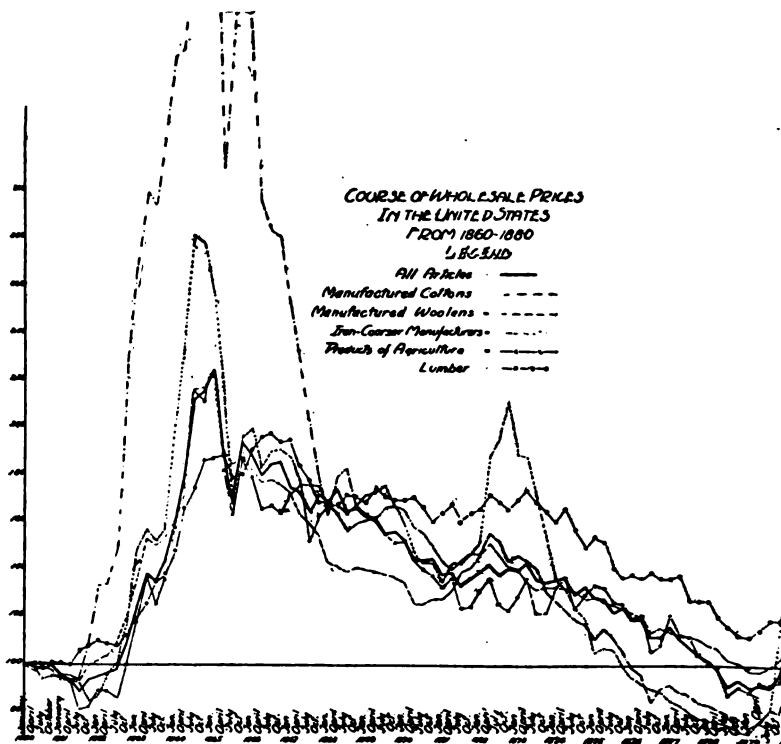
Some years ago I made a study of the movement of wholesale prices in the United States during the Civil War paper-money period, covering the years 1862 to 1879, using for the purpose 210 series of quarterly quotations and reducing these to a set of weighted index numbers with the year 1860 as a basis of 100. The results are shown on a chart which I wish to present for the use of the committee. On this chart you will observe a rapid rise from 1862 to January, 1865, and a gradual decline from that date until 1880, when we reached the same range of prices that we had in 1860. This chart gives the movement of prices of manufactured cottons, manufactured woolens, the coarser manufactured iron products, as pig iron, bar iron, and iron rails, products of agriculture, lumber, and the general average of all prices. Cotton goods [indicating on chart] rose much higher than other articles during the Civil War, because the supply of raw cotton from the South was cut off. Manufactured woolens, standard iron manufactures, and agricultural products all moved along together. If other classes of commodities were included on the chart, they also would be found to follow closely the heavy line showing the general average of all commodities.

Senator SHERMAN. What year did cotton increase?

Mr. MARSHALL. In Civil War times? The high point was about July, 1864. Raw cotton then sold above \$1.50 per pound. That high price was due partly to depreciated currency, but chiefly to a shortage of cotton owing to the cutting off of the supply from the South.

This second chart shows the quantity of the various kinds of money in circulation in the North from January, 1860, to January, 1865, and the general range of prices for the same period. The figures on the left side of the chart are percentage figures for the range of prices.

Those on the right are for quantity of money. The spaces between irregular heavy lines represent the quantities of the various kinds of money, the highest irregular line showing the total of all kinds of money. The dotted line represents the general average of all prices on a basis of 100 for January, 1860. Prior to 1862 the money of the country consisted of gold and silver, classed together as "specie," bank notes, the total amount of both in the North being approximately \$300,000,000. During the war period there was a circulation of \$450,000,000 of "United States notes," commonly called "greenbacks," and in the year 1864 a smaller quantity of interest-bearing legal-tender notes, which also circulated from time to time. Ac-

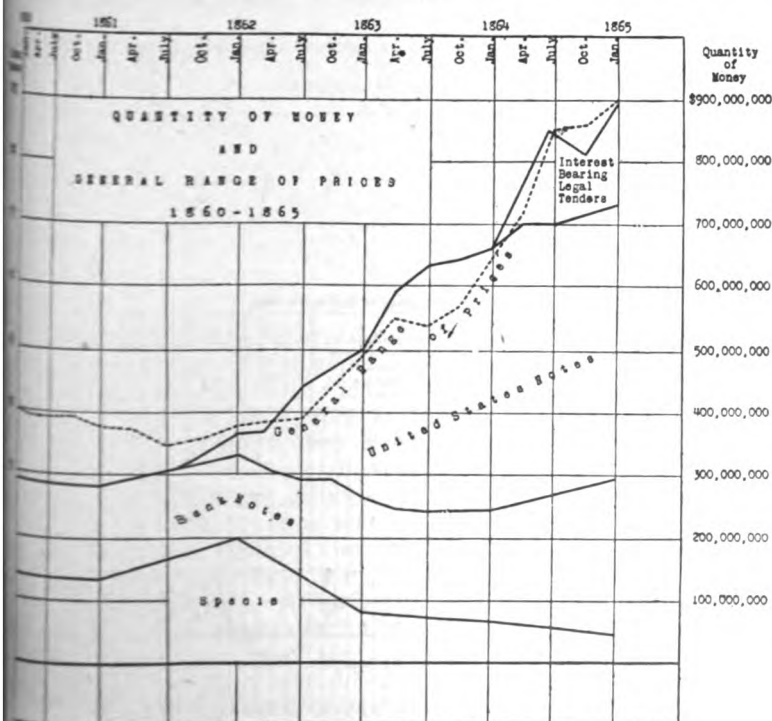


ingly, on January 1, 1865, there was between two and three times as much money in circulation as when the country went to a paper currency early in 1862, and the general average of prices, as we see from the charts, was somewhat more than twice as high.

It will not be insisted that the quantity of money is the sole cause of the fluctuation in prices. The readiness with which the money is accepted, the use of credit instruments, changes in the amount of business transacted, and other modifying causes must not be ignored, but the point chiefly to be borne in mind is that in a period of inflation all prices rise and that the one fundamental reason for this general rise is the lowering of the value of the money in circulation, due principally to the quantity of the money, but modified by other factors such as those already mentioned.

From the first chart we have seen that from 1865 there was a steady decline in prices until about 1879-80, when the range of prices of 1860 was again reached. During this period there was no great change in the kinds or in the quantity of money in circulation, the total consisting of approximately \$700,000,000 of combined greenbacks and national bank notes. The use of credit instruments, such as bank deposits, increased somewhat, but in general the gradual decline in prices, in other words, the steady rise in the value of the money, was due to the increase of business, the growing up of the country to the paper money in circulation.

Over the period down to the present time this third chart will be of interest. This chart shows the general movement of prices in

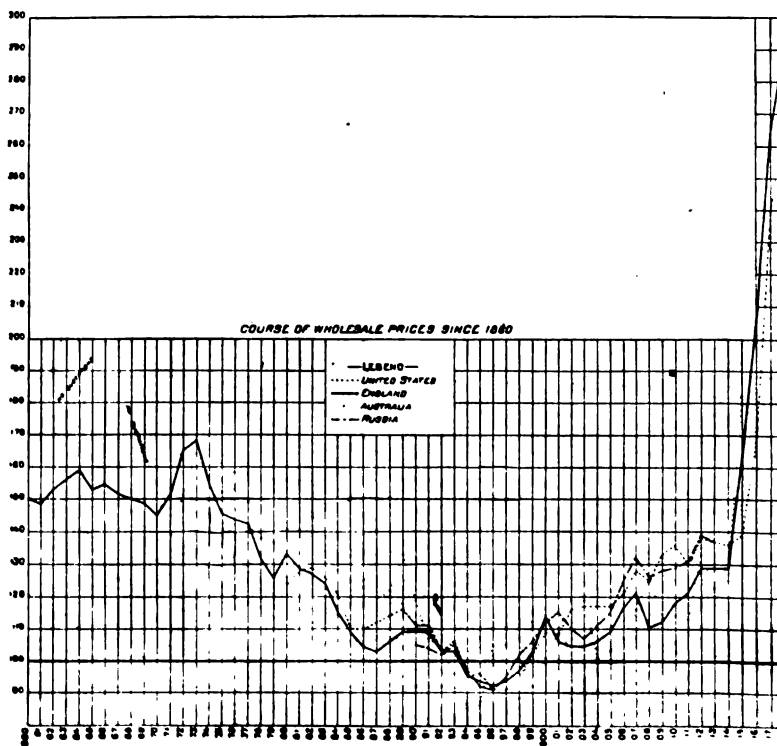


and countries from 1860 to the present time. One line represents England, another Australia, another Russia, and another the United States. If you will notice, the lines move together downward for a period; then rise gradually for another period, and then rise very sharply about 1915.

There are here several different types of country—England, a manufacturing country; Russia, an agricultural country; the United States, a country of varied industrial and agricultural pursuits; and Australia, a purely agricultural country. The prices for the United States are from the Bureau of Labor Statistics, and those for other countries are from various sources, but are in part given in Bulletin No. 1 of the Bureau of Labor Statistics, published in July, 1915, on page 97 of the Monthly Labor Review for June, 1919.

We notice that from about the time of the seventies downward the nineties there is a steady decline in prices. Following that point there was a steady rise until 1914. Using the general average of the decade 1890 to 1899 as a basis of 100, the general range of prices in all countries was somewhere about 150 or 160 in the seventies. At that point it went down to 100 in the decade 1890 to 1899, and thereafter it rose to about 130 or 140 in the years 1913 and 1914.

Soon after the recent war broke out prices began to rise rapidly in European countries and some months later in the United States. At the present time the general average of prices in this country stands at about 275 on the basis of the decade of 1890-1899 as



or about twice as high as when the war broke out. In England prices are somewhat more than twice as high as when the war broke out, and in France more than three times as high.

Just as in the period of our Civil War paper money, a degree of correspondence can be traced between the quantity of money in circulation and the movement of prices, so in the general movement of prices a certain relationship can be traced between the world's gold supply and paper money issues on the one hand and the world movement of prices on the other.

From the time of the discovery of America until the gold discoveries of Australia and California about 1850, the production of gold was about \$5,000,000 per year. From the time of these discoveries until about 1890, it averaged between one hundred and

and twenty-five millions per year. Since about 1890, there has been a marked increase, until during the last 10 years the production has regularly been about \$450,000,000 per year.

In the year 1896, when prices were at the lowest point, the amount of money in the commercial countries of the world, including European and American countries but excluding Japan, India, and Egypt, may be estimated roughly at \$9,500,000,000. On July 31, 1914, just when the European war broke out, at \$10,000,000,000. On December 31, 1916, after 18 months of war, the total amount may perhaps be estimated at \$23,000,000,000. Detailed figures of gold, silver, and uncovered paper may be obtained roughly, as stated in the following table:

Gold and uncovered paper money in the countries of Europe and America.

[In millions of dollars.]

	1896	July 31, 1914.	Dec. 31, 1916.
Gold	4,000	8,000	8,500
Uncovered paper	2,500	2,500	2,500
	3,000	4,000	12,000
	9,500	14,500	23,000

It will be noted that the marked increase during the first 18 months of the war was in uncovered paper. It is impossible to give precise figures since that date and the figures in any event would not be of great value, since the belligerent European countries are now substantially all on a paper money basis. Bank notes of the Bank of France during the war have increased from about six billions of francs to about thirty-five billions of francs, an increase of twenty-five billions of francs, an equivalent of about \$6,000,000,000. Bank notes of the Imperial Bank of Germany during the same period have increased approximately twenty-eight billions of marks, an equivalent of about \$7,000,000,000. Accordingly the actual increase of paper money in these two countries, in the last five years, is almost as great as the total amount of money of all kinds in the commercial countries of the world when the war broke out. The increase of bank notes of the Austro-Hungarian Bank in the same period is approximately thirty billions of kronen, an equivalent of about \$3,000,000,000. The increases in Russia are almost inconceivable. According to a recent consular report, they were printing about 100 millions of rubles monthly under the Bolshevik government, and they ran out of paper and colors, so that they could not print more than one thousand two hundred and fifty millions. This was stated as an absolute fact. Although France, Germany, and Austria were issuing bank notes, these bank notes are a forced issue with legal tender quality and the effect is substantially the same as if issued directly by the Government. In consequence of the large issues, these countries are all on a basis of greatly depreciated paper money, France being depreciated in a less degree than that of Germany and Austria, while it is reported that the value and circulation of the paper money of Russia are extremely uncertain.

England also has made large issues, and while nominally still on a gold basis it is virtually on a paper basis as appears from the serious decline in exchange as compared with this country. In other countries of Europe there has been a perfect flood of gold from the countries just mentioned, the gold, of course, having been sent in payment for goods but also having been displaced in the belligerent countries by the large issues of paper. Returning to the question showing the movement of prices in various countries, it is to be noted that prices in England and the United States are substantially twice as high as when the war broke out. The somewhat higher range in England is perhaps in part a measure of the depreciation of the currency of that country below the general gold standard of the present time. Prices generally throughout the western world, however, are substantially twice as high as when the war broke out, just as in the United States; and this is a measure of the depreciation of the currency of the world due, in the nonbelligerent countries, to the flood of gold above mentioned and to bank notes issues and currency expansion based upon it, with of course also certain modifying influences such as the diminished business and production of the world already mentioned.

In the United States also there has been a large increase in gold holdings. Since the outbreak of the war we have had net importations of more than one thousand millions of gold. The change in the banking laws requiring smaller reserves released about five hundred and sixty-five millions about the beginning of the war and other amendments in 1917 released additional amounts, so that in this country we have had virtually an increase of considerably more than fifteen hundred millions of gold. The total money in circulation when the war broke out being forty-five hundred millions, the importation of gold and the release of other amounts by changes in banking laws have added perhaps 40 per cent to our money in circulation from that source alone. There have been also large increases in bank note issues or, rather, Federal Reserve notes.

When the war broke out the money in circulation per capita in this country was \$34.35. At the present time it is \$54.28. The gold that has gradually been released by the changes in the banking laws since 1913 and 1917 is perhaps the equivalent of \$7 per capita. Since this amount was tied up in bank reserves at the outbreak of the war, the comparative effect is the same as if the money in circulation at that time had been \$7 less per capita, approximately \$27 or \$28. Accordingly, the per capita money in circulation in this country to-day is approximately twice as great as at the outbreak of the war. Among other elements affecting the situation is, particularly, the increase in bank credits, made possible by the large importation of gold as a basis and by the very great increase of Government bonds which can be used as collateral for bank credits. It would be difficult to determine precisely the effect of these various elements or to measure the other factor in the problem, the diminution in the business carried on under war conditions; but in general the currency in use in the country to-day is substantially twice as great per capita as when the war broke out and prices are substantially twice as high. While it should not be assumed that prices will follow exactly changes in the quantity of money, there is always a very close relation.

turn to the third chart, the downward movement of prices in the seventies and the nineties seems to have been due to the fact that the business of the world was growing more rapidly than the supply. On the other hand, between the nineties and the outbreak of the war in 1914, owing to the largely increased gold production and the increase of the world's money seems to have grown more rapidly than the business of the world, and prices steadily rose. In the years the issue of paper money in the belligerent countries and the release of large quantities of gold, resulting in neutral countries and the United States as well, seem to have largely reduced the value of gold to approximately one-half its value years ago: in other words, to have raised prices to approximately their former level. In Australia prices have not risen much, probably because with the shortage of shipping the value of products in Australia is lower than in the United States. In Europe prices have risen much more than in the United States, but Europe is definitely on a paper basis and her prices are expressed in depreciated paper money. In Germany it is reported that prices have risen still more, but these prices again are expressed in a paper money still more depreciated. The still higher prices of Austria and Hungary are primarily a measure of the still greater depreciation of the currency of those countries.

The important point in the present connection is not so much the increase of prices to the quantity of money, but the fact of the depreciation of the currency of the world and the resulting effect that the general average of prices is twice as high as when the war broke out. The change is due to inflation and the lowering of the value of the money of the world. Wholesale prices having risen greatly, it is probable that retail prices should rise. The problem for investigation is whether the spread between the wholesale prices paid by the retailer and the prices charged by him is greater than required to cover his additional costs and to yield a fair profit.

Now, as to the other points raised: I think that there is no question that it is essential to go about this matter by a study of the profits and concerns. I do not think that you can get anywhere by a consideration of particular articles. For a considerable time, a year ago, the bureau in some instances alone and in some instances jointly with the Food Administration quoted wholesale prices in a number of cities and endeavored to suggest what was a fair retail price on these articles as compared with the wholesale price at the time. This was merely an indication. We did not attempt to give absolute prices, a task that would of course be impossible with products varying in quality. At that time we made an attempt to compare prices in different cities, and with the rather imperfect material available we did make a comparison of Washington and a number of other cities. It seemed that Washington's prices were somewhat higher than those of most cities, although apparently not so high as Boston. We attempted to use the same type of store in the different cities. We tried to get chain stores in all places and so to make that element the same. We tried to study the same grade and quality of article in each city, but the difficulty of that you can understand when the meat cutter cuts meat in one way in one city and in another way in another city. The local customs also

presented great difficulty because the custom is to demand one thing in one place and more of another thing in another. In general we felt that Washington was somewhat higher than cities, although not so high as Boston. This conclusion accords with the views held by those who have studied problems of that kind in New England retail prices are generally higher because of distribution generally are higher in that section.

Chairman BALL. That was an investigation as to food products.

Mr. MARSHALL. An investigation as to food products. We have a statement of it here, I do not consider that it was exhaustive at all. We did the best we could with rather imperfect machinery. The Bureau of Labor Statistics has gathered certain figures that are well worthy of consideration. They have been studying this problem in a number of cities and comparing wholesale and retail prices. It seems that wholesale prices have risen more rapidly than retail prices in the case of most commodities. One commodity, sugar, is a worthy exception. I do not know just what their explanation is but I have an explanation that I think is reasonable.

Sugar is used in most stores as a means to get trade, and I think that in most stores they attempt to make no profit on sugar. When they buy sugar at a certain price, they sell it as closely as possible so that the retail price of sugar conforms closely to the wholesale price. They do not obtain from sugar anything for overhead or labor. They take care of their labor and other expenses from other commodities. Retail prices have not risen so rapidly as wholesale prices in the case of most commodities; but from that you can not reason that retail prices are right. Rent and other costs change less rapidly than wholesale prices, and custom has much to do with retail prices. Accordingly, it is not to be expected that retail prices should follow wholesale prices precisely. Possibly they should have followed more nearly the wholesale or possibly less nearly than appears from the data accumulated. I agree that it is not best to take any arbitrary number of articles and reach a conclusion. You must rather study the total profits of the concerns and see whether they are making unconscionable profits at the present time or not, because in the case of profits you have got to get at the labor and the rent and value of other costs.

Chairman BALL. What do you think is the cause for the merchants here in Washington refusing to sell more than 2 pounds of sugar to one customer at the present time?

Mr. MARSHALL. Oh, there is no question that there is a scarcity of sugar at the present time. There is a real scarcity.

Chairman BALL. It is not affecting other cities.

Mr. MARSHALL. I do not know about that, but I will tell you something about the sugar situation.

We import from Cuba and other countries about three-quarters of our total sugar. We produce about two thousand million pounds in this country. Our total consumption is about nine thousand million pounds.

A little history of sugar may be of interest. Before the war broke out we did not export sugar. Our refineries refined merely for home consumption. We imported a great deal from Cuba and Hawaii, the Philippines and certain other countries for our own consumption. When the war broke out our refineries, due to the scarcity

labor, bought their sugar from us rather than doing their own refining. In consequence we became large exporters of sugar and have been ever since the war broke out; that is, we import sugar from Cuba and export it. At the present time there is a scarcity, and the Sugar Equalization Board are attempting to meet that situation by arranging that there shall be no exports for 30 days; that is, we are importing from other countries as in the past. Our supply at this time of the year is a matter of imports. The suspension of exports for 30 days will release some 50,000 tons of sugar, which is only three or four days' supply, but it will be of a great deal of effect in making up the temporary shortage. I think that it is only a temporary shortage, and undoubtedly the dealers in Washington are selling only 2 pounds because the supply is short.

Senator DIAL. What effect does hoarding have on the supply?

Mr. MARSHALL. The hoarding of sugar?

Senator DIAL. Not only sugar, but everything—beef and eggs, for instance.

Mr. MARSHALL. Let us take the hoarding of eggs. The dealers are hoarding eggs at this time of year because the hens lay them at this time of year and the people want to eat them in the winter. So, there is no hoarding of eggs. It is simply an accumulating of the supply for next winter's consumption.

Senator DIAL. How about beef?

Mr. MARSHALL. It is more difficult to explain that precisely. I am sorry that I did not bring some figures concerning the matter; but in the case of eggs, they practically disappear from storage in February. None are carried over. There are in storage now, I think, something like seven and one-half million cases, thirty dozen to the case, and the supply will perhaps increase slightly in the present month, but in the fall, when the supplies of fresh eggs diminish, the quantity in storage will steadily decrease, until by next March the reports will show none.

Mr. WELLS A. SHERMAN, of the Bureau of Markets. It is practically at the high point now.

Senator CAPPER. What percentage is controlled by the packers?

Mr. MARSHALL. I do not know.

Senator CAPPER. A pretty big part of it?

Mr. MARSHALL. Perhaps so. I do not know the figures.

Senator DIAL. Do eggs increase in production from one year to another?

Mr. MARSHALL. The supply in storage this year is larger than usual, approximately a million cases larger than last year or the year before. So that the situation for the consumer looks more hopeful for next winter than for last year.

There are some interesting facts connected with the egg situation last winter, when the Food Administration absolutely limited the profit that could be made on eggs carried in storage—in other words, required that the eggs that went in at a certain price should go out at a certain other price, a fixed number of cents higher. Notwithstanding the fact that the supply of eggs in storage was running very low in January and February, the price continued unchanged and they continued to move steadily to market, and in fact the supply would have absolutely run out if the laying season had begun at the

time it usually does. We would simply have been without eggs for two or three weeks. But the winter was mild, there was warm weather in January and February, the hens did their duty, and the new supply of fresh eggs came upon the market before the supply in storage was exhausted.

Reverting to the law of supply and demand mentioned by a member of the committee, it is interesting to note that this particular instance of interfering with the law of supply and demand was doubly fortunate in that the consumer obtained eggs at a reasonable price and that the supply in storage was consumed just when the fresh supply became available. On the other hand, if we had had cold weather in January and February, we should have had no eggs.

As to just one point raised by a member of the committee as to whether the dealer is not entitled to an increased percentage. Here is just a little further thought with regard to that.

If eggs cost 30 cents before the war broke out and now cost 60, if it was proper to make 10 per cent on them then and you make 10 per cent now, instead of the 3 cents you made then you have 6 cents now. So, perhaps, after all, the retailer is not entitled to an increased percentage. Perhaps the same percentage calculated on a higher range of prices will take care of his increased costs. However, that is merely a minor point. Possibly he ought to have more; possibly he ought to have less.

Senator CAPPER. Are there any figures to show what part of the cold-storage capacity of the country is controlled by the packers?

Mr. MARSHALL. Those figures can be had.

Senator CAPPER. You have no idea, offhand, what they are?

Mr. MARSHALL. No, sir; I have not.

Mr. SHERMAN. I think likely that we would have figures in the bureau that would come pretty close to it.

Mr. MARSHALL. I can not tell you offhand. I wish to modify my earlier statement. I do not think it fair to say that we would know how much of the storage space is controlled by the packers, because that would involve ownership and renting, and we do not know that. We do know the amount of cold-storage space in the entire country, and we know precisely the various temperatures, but we would not know just what any group controlled.

Mr. SHERMAN. We would not know it if the packing houses had bought a controlling interest in some cold-storage plant which had not changed its name.

Mr. MARSHALL. We do not know who the owners are.

Senator CAPPER. It is hard to keep track of the ramifications of the packing companies.

Mr. MARSHALL. The Federal Trade Commission has probably more information than we have upon that matter.

Chairman BALL. Mr. Sherman, do you wish to address the committee?

Mr. SHERMAN. I came this afternoon, Mr. Chairman, merely to be of service if you reached the point of considering what the bureau is doing. We have certain wholesale information—

Chairman BALL. You have it for the United States?

Mr. SHERMAN. We have it for a number of the most important markets of the United States. Just now we are in the throes of con-

traction. We did have offices in 34 cities reporting on fruits and vegetables, but we are now down to less than 20 and we will probably be down to about 14 when we finish our contraction. We have operated under some emergency funds that have been cut off; that is, we have been reduced pretty nearly to a prewar basis, but we have had permanent offices in a number of the larger markets for three years where we have a consistent record of the jobbing prices as to a number of the more important fruits and vegetables. We began with only four commodities in the experimental stage of the service, and increased until we reported on all of the principal fruits and vegetables as they were sold in those markets. That information is accumulated in Washington by telegraph and also communicated simultaneously to all of the markets where it is accumulated, by interchange of the information over our leased wires.

Chairman BALL. You can supply the committee with that data?

Mr. SHERMAN. Yes, sir. We issue daily reports and we have rather comprehensive reports of the commodities held in cold storage, issued monthly and semimonthly.

Chairman BALL. Have the members of the committee any questions that they would like to ask?

Senator CAPPER. To what extent does the Bureau of Markets try to keep in touch with the local market?

Mr. MARSHALL. On meats we were getting reports from the local market until a short time ago. We are compelled to reduce our service so much that we are omitting Washington on the meat reports. We are still giving the service on fruits and vegetables in Washington.

Senator CAPPER. Have you any field men that may be available to this committee for any investigation locally here that the committee might want to go out and make inquiry of?

Mr. MARSHALL. I suppose it is safe to say that we have more field men than we can use. If you have funds with which to pay them we will be glad if you can take some of our men, because the funds of our bureau have been diminished by more than \$1,500,000, as compared with last year. We have some very good men that we would be glad to let you take. We would hesitate about saying that we can lend them, because we can not pay the men that are required to keep anything like the service that the people of the country are demanding. We have men but no money. Is not that a fair statement, Mr. Sherman?

Mr. SHERMAN. More men than money; yes.

Mr. MARSHALL. We perhaps can help you in some way with them.

Chairman BALL. The committee wants to express its appreciation of those who have testified before us; and I want to express the appreciation of the committee for the interest of the press of Washington in this matter. I have assured the committee that you are going to give us every possible assistance. I know I have assured them with every reason of assurance from the press itself.

That will be as far as the investigation will go to-day. The committee will decide, now, as to just what course it will pursue.

(Whereupon, at 3.20 o'clock p. m., the committee went into executive session.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

MONDAY, JULY 28, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met pursuant to call, at 2 o'clock p. m., in the committee room, Capitol Building, Senator L. Heisler Ball presiding.

Present: Dr. Royal Meeker, Commissioner of Labor Statistics; Dr. W. E. Mosher, in charge of the economic and employment research work of the reclassification Commission; Mr. Thomas W. Millier; Mr. Herbert C. Marshall, assistant chief, Bureau of Markets; Mr. N. M. Barrett, and others.

Chairman BALL. Gentlemen, this is a continuation of the investigation by the subcommittee. We have invited Dr. Meeker, the Commissioner of Labor Statistics, to address the committee, knowing that his department had collected a great deal of valuable material along the line of our investigation, and the committee thought it wise to hear from him. Please proceed, Dr. Meeker.

STATEMENT OF DR. ROYAL MEEKER, COMMISSIONER OF LABOR STATISTICS.

Dr. MEEKER. Mr. Chairman and gentlemen of the committee, I am not fully cognizant of the objects sought by this committee. I presume that you will want to examine into the causes of the increase in the prices and costs of living. A great deal of the data that has been collected by the Bureau of Labor Statistics will furnish you with the facts, at least in regard to changing prices and changes in the cost of living.

Chairman BALL. Doctor, as we go along there are a few questions that I would like to ask you.

You have this data collected by families more than by actual costs of material?

Dr. MEEKER. We have both, Senator. We sent agents out to get the family schedules. But in order to determine the changes in the cost of living—and that means a change in the price of the family market basket—we have got to get the prices of the goods purchased by families, and we go into that in great detail. We get the prices the principal foodstuffs that probably make up as much as 75 per cent of the total food consumption of the family. We get the prices of actual brands and grades of clothing from the stores in the community; the same for house-furnishing goods and for fuel and for lighting; and in the same way we get the rents of different classes of houses. So that we have both the expenditures of the family over a year, and we get the changes in the cost of the family budget extending over a series of years.

Chairman BALL. I just wanted to bring that point out.

Senator CAPPER. No one disputes that there has been an enormous increase in the cost of living. Does this data tell where the money is going? Does it look into the payment of that money as to whether it is the retailer or jobber or manufacturer or middleman?

Dr. MEEKER. No. Of course, this study does nothing of that kind. However, if you look through the section in the Review on prices and cost of living, you will see that we give the prices at wholesale as well as the prices at retail.

Chairman BALL. The increase in 1915 was 0.47 per cent; in 1916 it was 5.47 per cent; December, 1917, 31.54 per cent; March, 1918, 47.67 per cent. Am I reading these correctly?

Dr. MEEKER. I will have to refresh my memory on that. The percentage increase in retail prices, in December, 1915, 1916, 1917, and in March, 1918, above the prices in December, 1914.

Chairman BALL. The percentage of increase has been very rapid. Dr. MEEKER. That is true. These are percentage increases in different articles that are listed there. These particular percentages to which you refer are the increases in the items of male clothing which includes suits, shirts, collars, neckties, underclothes, and various other items that enter into the clothing budget of the male members of the family.

Chairman BALL. Between 1915 and 1916 there was an increase of only 5.30 per cent, but between 1915, 1916, and 1917 there was an increase of between 22 and 23 per cent, and between 1917 and 1918 there was an increase of 35 per cent.

Dr. MEEKER. You need to be a little bit careful, of course——

Chairman BALL. It seems that the increase between 1917 and 1918 was out of all proportion to the increase in the previous year.

Senator CAPPER. It surely is. That, of course, is due to changing conditions.

Chairman BALL. The increase in the amount of money per capita has not increased to that extent the last year, has it, Dr. Mosher?

Dr. MOSHER. I think not.

Chairman BALL. If we follow it out on that principle, that the increase of cost keeps pace with the line which shows the increase in the number of dollars per capita, the number of dollars per person or per capita must have increased very rapidly this last year.

Dr. MEEKER. Of course, that is coming into a moot subject; the increase in the circulating medium is by no means measured by the increase in gold coin or even in bank currency.

Chairman BALL. No; it was shown before this committee at the last hearing that there was practically twice as much money in circulation per person. Is not that correct, Senator?

Senator CAPPER. I think so.

Chairman BALL (continuing). As there was in 1914.

Dr. MEEKER. That allegation is made.

Chairman BALL. This increased percentage last year is phenomenal.

Dr. MEEKER. During the last year the increase in bank credits has been phenomenal also; and, of course, bank credits are the basis of the circulating medium.

Chairman BALL. Yes; I appreciate that.

Dr. MEEKER. However, that is a little out of my field. I have a great deal to do to try to keep tabs upon wages and the changes in the cost of living.

Chairman BALL. We are going to ask questions that probably are not entirely within your line, but we want to find out everything we can.

Dr. MEEKER. I think, Senator, if you ask my opinion——

Chairman BALL. That is what we are after.

Dr. MEEKER (continuing). That the increase in the cost of living is most largely explainable by reason of the phenomenal increase in the circulating medium. That includes not merely the increase in gold and in bank currency, but it includes also the enormous increase in bank credits which has been much greater than the increase in gold currency based upon gold, more or less directly. Then the discrepancies that you alluded to before the committee took up its formal sitting are very largely explicable, I think, by reason of the movements of population.

Chairman BALL. That is a point I wanted to bring out, because I think Washington itself has a very material part of its increase due to the increased demand here for foodstuffs.

Dr. MEEKER. There is not a doubt of it, Senator. Washington's population has increased at an unprecedented rate. It would have been a miracle had not the prices in Washington increased more rapidly than they had in other cities throughout the country, unless we take some city where the increase in population and therefore the demands for house room, for food, clothing, and the other items of family expenditure went up as phenomenally as they did in Washington.

Chairman BALL. Doctor, that is just exactly the point that this committee has under consideration. They should not charge here, in order to make a reasonable percentage on their goods, any more than they should charge in other cities—probably a little bit more, because their own cost of living may have increased somewhat; but the increased demand for foodstuffs, the increased demand for homes have placed it in the hands, or the power of those people controlling these things, to charge practically what they pleased. In other words, they have had the public by the throat——

Dr. MEEKER. There is no question about that, Senator.

Senator CAPPER. Is there any good reason why 500,000 people in Washington should have to pay more for their meats than 300,000 in another city would pay?

Dr. MEEKER. Yes; I think there is an explanation of that. I do not know whether you would call it a good reason.

The transportation facilities were not sufficient to bring into Washington foodstuffs in the same relative abundance per person that they were brought in before the war exigency came upon the city.

As for rents, there you have a little different story.

Senator CAPPER. I can see why there might be some difference there; yes. This meat all comes from the same place, most of it, at any rate. It comes from Chicago, from some of the big packing houses, that are largely at Chicago, as a general proposition. The volume of business tends to reduce the cost to the individual. Simply

because Washington now has 500,000 people, the population having increased 100,000 or so in a year or more, why should this increased population make it necessary for them to pay more money for a pound of meat? That is something that I do not understand.

Dr. MEEKER. Washington always has been a rather high cost of living center. I might call your attention to a table that is printed in the Monthly Labor Review for November, 1918, which arranges the cities in order of expensiveness of the food budget, consisting of 22 articles of food in this case.

In this table Washington ranks as the fourth most expensive city in its food budget.

Chairman BALL. Which is the most expensive?

Dr. MEEKER. The most expensive is Providence, R. I.; but I would say that the meats that Providence and Boston and other New England cities get are rather superior to the meats that are obtained in Washington. They receive a superior class of meat. They are heavier steers, and the meat is better trimmed. Our latest compilation on this basis indicates that the increase in the food budget has not been disproportionate to the increase in the food budget in other cities. In fact, Washington ranks in this table of 39 cities and some 22 food articles, in June, 1919, eighth, whereas it formerly ranked fourth.

This refers to June, 1919, and the first one refers to August, 1918. So that would indicate that the prices of foodstuffs in Washington, D. C., while they have undoubtedly arisen phenomenally, have not arisen disproportionately—

Chairman BALL. It really has not kept pace with some of the other cities?

Dr. MEEKER. Well, I would not be ready to say that, because some additional cities are included in this tabulation.

Here we have the percentage of increase in the food budget in the different cities—Washington, 95 per cent; Richmond, 97 per cent; Memphis, 96 per cent. I will leave this as an exhibit for the committee if you think it will be of help. It has not anything to do with the question you are concerned with. There may be profiteering by the big five; there may be profiteering by the retail grocers here in Washington and in other cities; but all these figures show is how the prices have moved in Washington.

Chairman BALL. Do you know anything about the investigation that has been made in New York and the results?

Dr. MEEKER. No, sir; I do not.

Chairman BALL. They have made an investigation, have they not?

Dr. MEEKER. I was not aware that they had. In New York City?

Chairman BALL. Yes.

Dr. MEEKER. No; I was not aware of it.

Dr. MOSHER. I think that is on rents, Mr. Chairman.

Chairman BALL. It was on rents, was it?

Dr. MOSHER. Yes. I do not think it took up food supplies.

Senator CAPPER. They have started something along that line. Within a day or two I saw that they were going into food supplies.

Chairman BALL. Doctor, what is your idea as to our best method of procedure?

Dr. MEEKER. May I answer by asking a question? What do you want to find out?

Chairman BALL. We want to find out if there is any profiteering, if there is unjust advantage taken of the people of Washington. We know that the population has enormously increased. We know that the demands for foodstuffs is increased by this population and that this population has been a population of consumers and not producers of food. The same with homes. We want to investigate the rent proposition and ascertain whether the people of Washington are being fairly treated. It is not the purpose of this committee to distress people who are doing a legitimate business, who are making only a legitimate percentage of profit.

That is your idea of the purpose of the committee, is it not, Senator?

Senator CAPPER. Yes. There is not any doubt but what this situation is getting more acute all the time, not only here in Washington but all over the country. I think the country is stirred up very much on this matter of what they believe to be profiteering, and they undoubtedly look to this Congress to give them some relief in some way.

Chairman BALL. I will call your attention to this, Doctor. Some facts have come to our knowledge—for instance, take beef on the hoof. We understand the price has been reduced to what extent, Senator?

Senator CAPPER. In the Kansas City market, which is the one with which I am most familiar, in the last 90 days live cattle, cattle on the hoof, have gone down 23 to 25 per cent, and we know that at other markets there has been a decrease in the price that the consumer pays for his meat. Generally speaking, it is not anything like in keeping with the reduction which the producer has had on the price he has received.

Furthermore, at the same time, while that slump of 25 per cent in 90 days has taken place, we see by the same market report that the price of hides has gone up from 40 to 80 per cent, hides taken from those same animals that sold at a reduction of 25 per cent.

Those are some of the things that out in my country they can not understand at all, except that they know that the hide market is controlled, just about as the cattle market is, by the big five, and that evidently they dictate the price that the producer shall receive for his live cattle, they dictate the price that the consumer shall pay for the dressed beef, and they dictate the price that the Central Leather Co. and all the other big dealers in hides shall pay for their hides. It looks as though there was some specific evidence of profiteering on the part of the packers or hide men or somebody.

That, of course, is only one item in this matter of the high cost of living.

Dr. MEEKER. I would say, Senator, that I have been following that as closely as I could, and in the forthcoming Labor Review—that is, for the month of July—the price experts compare the price of cattle on the hoof, dressed beef, sides, the price of round steak at retail, and the prices of live hogs. There is no price of dressed hogs—whole hogs—so they took the wholesale price of hams and the retail price of hams.

The latest information we could get of this matter to which you refer had not yet materialized. Those prices, I think, were of May.

You see, we lag in our prices from a month to two months behind. I had charts prepared and will be glad to submit them to the committee just as soon as they are available, when they come from the printing office.

The differential between the prices of live cattle and hogs, dressed beef, and hams at wholesale, and between the wholesale and retail prices is remarkably constant. We carried it back over a series of years. Do I understand that since I had those charts prepared and those prices tabulated there has occurred this wider discrepancy that you speak of?

Senator CAPPER. I got my information from official reports made by the Bureau of Markets of the Department of Agriculture on July 1. They got those figures, at the request of the committee, by telegram. They telegraphed to the eight principal markets of the country the quotation that day on live animals, and then the wholesale prices in those eight cities for dressed beef and the prices in the Chicago and New York markets for hides. Those are the two principal markets. The Department of Agriculture issued a report on July 1 giving those figures and expressing very frankly their opinion that there was something wrong. They expressed the opinion that it emphasized the need of some sort of legislation regulating the packing industries; and I think they are correct in that.

Dr. MEEKER. Mr. Chairman, I have not yet answered your question, because it was rather a large order that you handed me. It seems to me, however, that your committee should find out just what these facts that have been adverted to here. How have prices moved—the price of cattle on the hoof, the price at wholesale for beef—I use this merely as an illustration—the price at retail? Meat covers the principal item of family expenditure. If there has been any considerable falling off in the price of cattle on the hoof as compared with wholesale prices or retail prices, then your committee should ascertain the cause for any such movement; and I want to say this, that if you will follow the prices published by my bureau over a series of years you will see that there is a normal lag of retail prices. It would be impossible to say what the lag is, but I should say something like a month behind the reductions in wholesale prices or the changes in wholesale prices. As to the wholesale prices, which they follow more closely the farm prices, still there is a perceptible lag in the wholesale prices.

Chairman BALL. Will we have to get this evidence ourselves, or is there a department here that can give it to us?

Dr. MEEKER. I think that almost all such information as I have just referred to in regard to farm prices could be obtained immediately from the Bureau of Markets. They would also have wholesale prices, I think, of meats, at least, and the prices that the Bureau of Labor Statistics publish regularly are both wholesale and retail prices.

Chairman BALL. Then you think we could get most of that evidence from the Bureau of Markets, except that we had better verify the retail prices in Washington? Or do you have them?

Dr. MEEKER. Yes; we get the retail prices every month of food stuffs, and as I indicated in my letter to you, in April we made a survey of prices in the District of Columbia in which we got the prices of all the principal articles in the family budget, which included

ans. I do not think it would be worth while to make a resurvey of these prices now, at any rate. We got in April the summer clothing, for example. If you should go out and get the clothing now, probably you would find instead of an increase in the selling price. You could not avoid that. I would not make a resurvey of the retail price of clothing, certainly. I think that you would find much change in rent, either. The rents has not yet taken place, excepting in sporadic in-

MAN BALL. There have been threats.

MEEKER. Yes; but you can not tabulate threats. You can do with them in a statistical way.

MR. CAPPER. How does the change in wages compare with the cost of living, Doctor?

MEEKER. That is a difficult question to answer, but I think I can answer with a great deal of confidence, that wages on the average have increased as much as the increase in the cost of living. I am sure that you get that qualification. I say, wages in certain occupations have undoubtedly increased in the increase in the cost of living, but that is only in certain occupations that are strategically located and get the greatest increase.

MR. CAPPER. Do your figures in June show how much of an increase there was in Washington?

MEEKER. The year 1913 showed an increase of 95 per cent. in food.

MR. CAPPER. What would be your estimate of the increase in wages generally in the same time?

MEEKER. In Washington?

MR. CAPPER. Yes.

MEEKER. It would not be anything like as much as that, because the Washington population is very largely made up of Government employees who have received only the \$120 bonus up to now and many of them have not received that. That is playing havoc with the Government service. Men are leaving my office all the time because they can get much better compensation in the Government service.

MR. CAPPER. You would not be able to make an estimate of the increase had been, if any?

MEEKER. I would be very glad to show you what the increase has been in the union rates. You see, Washington is not a manufacturing city, so that we would have, unfortunately, nothing except the rates outside of the navy yard. I can get it very readily, I can get it from the Washington Steel & Ordnance Co. We do not cover that company in our regular reports on wages and hours of labor in the steel industry.

MR. BALL. I make a note to send you those wage tabulations?

MR. BALL. Yes.

MR. MEEKER. I take it that you do not want that tabulation to include the clerical employees of the Government, because it is well known that they are getting the same salaries that were fixed back in the twenties, except for the \$120 bonus and the \$240 bonus.

MR. CAPPER. You might just state that to us. That probably makes the situation in Washington more acute than in any other city.

of the country, does it not, by reason of the fact that such percentage of the population are in the Government service as had no increase?

Dr. MEEKER. Yes; undoubtedly. I would say without attestation that the situation of the wage earner in Washington, he is so largely a Government employee, is worse than that of other city.

Mr. MILLER. Dr. Meeker, the men who were in the service returning, if they had civil-service positions, were taken on by the Government again, but those people who were in the Army and back and did not have civil-service positions before they entered just where is that slack being taken care of in the labor situation?

Dr. MEEKER. I do not think I quite get your full question. Do you mean those in the employ of the Federal Government, but who had no civil-service status before the war?

Mr. MILLER. The men who went into the Army from the District of Columbia, now returned.

Dr. MEEKER. Those employed by the Government?

Mr. MILLER. Yes, sir. Where has that slack in the labor market gone that would not be taken up by those who are employed in civil service and therefore got their positions back when they returned from the war?

Dr. MEEKER. I think the employers are making an honest effort to take them back, but it is not always possible to do so. Just as the war is being worked out I can not say.

Mr. MILLER. Is Washington enough of an industrial city to have that slack in the labor market on account of men returning from the war?

Dr. MEEKER. I should say not. There are no industries in Washington that are demanding men at this time. I should say that Washington was a poor labor market at this time.

Mr. MILLER. Then the labor situation has no bearing, in your opinion, on the high cost of living here?

Chairman BALL. I think he stated a minute ago——

Mr. MILLER. I have not heard all of what he said before.

Chairman BALL. It has a bearing in bringing out particular complaint of the high cost of living in that wages in Washington have not advanced in the same proportion that they have in other cities, from the fact that labor in Washington is employed in the departments in clerical work. In clerical work wages have not increased in proportion to the increase of wages in industrial concerns. Therefore the high cost of living is acute here in Washington. This is my understanding of the statement.

Dr. MEEKER. Yes.

Chairman BALL. Because the "wherewith" to buy has not increased as it has in other cities. I think there is very strong probability that that is one of the points.

Mr. MILLER. The point I wanted to bring out to clear it up in my own mind is this: The great bulk of the labor that went into the war from the District of Columbia probably was employed in civil service. When they come back they will get their positions back again in the civil service and will not become a drag on the labor market.

Dr. MEEKER. So far as they were employed in the civil service I think all of them have been taken back as soon as they have applied.

for work. In fact, I had great difficulty in getting the men that went from my bureau discharged as rapidly as I wanted them. All but one of them have returned to the service.

I had just started to refer to the difference in the situation of the men in private employment over against the men in Government employment. Take motormen and conductors on street cars: They have received several wage advances so that now their wages—how would they be as compared with 1913 or 1914, Mr. Ogburn? At least 85 per cent higher, would they not?

Prof. OGBURN. In some industries.

Dr. MEEKER. Motormen and conductors?

Prof. OGBURN. Yes.

Dr. MEEKER. I am speaking now rather at random and not by the book. I think that their wages have advanced at least 85 per cent, while the wage or salary of the Government employee has not advanced anything like that.

Chairman BALL. That 85 per cent would not cover the increased cost of living?

Dr. MEEKER. No, sir.

Chairman BALL. The cost of living has practically doubled, about 100 per cent, has it not, in the last two years?

Dr. MEEKER. I do not think quite as much as that. Since 1913 I would say that the cost of living in Washington has increased a little less than the increase in the cost of the food budget, which is 95 per cent, according to these figures. I would say that the cost of living has not advanced quite 90 per cent in Washington since 1913.

Would you agree with that, Mr. Ogburn?

Prof. OGBURN. Yes, sir.

Chairman BALL. Doctor, you will give us all this specific data that you can, will you not?

Dr. MEEKER. I will be very glad to do so.

In order to emphasize the difference between a cost of living study and a price study, if you are just after prices, that is one thing. If you are after changes in the cost of living, that is something quite different.

Chairman BALL. We are after prices as they figure in the general cost of living. At the same time we have got to take the cost of living in this investigation; I mean by that, in connection with all the necessary expenses that go to make up the cost to a person living here in Washington.

Dr. MEEKER. If that is what you are after I think that far and away the best data that has ever been collected at any time in any country is the data that we have collected in the Bureau of Labor Statistics. We made a pretty complete survey of the City of Washington back in 1915 and 1916, and we have made a still more accurate study of the whole country in which we covered nearly 100 cities—92 different communities. All that data is contained, so far as we have published it, in these bulletins. Unfortunately the Senate and House did not publish the bulletin on the cost of living in the District of Columbia. I think, however, I will print it myself shortly.

Chairman BALL. We want all the specific data we can get on that line.

Senator CAPPER. I would like to have Dr. Meeker's opinion on this—it would be his personal opinion, possibly—as to what remedy he would suggest, what suggestions he would make along the line of a remedy for profiteering as we have it now or seem to have it in Washington and all over the country.

Dr. MEEKER. You don't care what questions you ask, do you?

Senator CAPPER. That is what we are up against. Of course we want the best judgment of men who have been interested in studying along those lines. I realize that it is a very difficult question to answer. I thought possibly that out of it all we might get your insight as to this matter.

Dr. MEEKER. I do not like the term "profiteering." I am perfectly well aware that there has been profiteering, profiteering of the most reprehensible sort; but I am not convinced that the evils now suffering from are due to profiteering primarily. It seems to me the first great thing we must do in order to bring down the cost of living, that is, aside from any general financial policy, is a cut down in our outstanding revenues in order to bring down general price levels to any great extent. But I do not want to dwell on that. In fact, my own personal opinion is that it is much better to keep the present price levels.

I wrote to Secretary Glass some months ago calling his attention to the fact that more suffering would probably be caused by a fall in price level than had already been caused by the phenomenal rise in price level, and appealed to him to appoint a committee to study the question with the view of stabilizing the purchasing power to a measure of price. He did not agree with me, and so we have no committee as yet to study that. The American Economic Association has a committee. I think it would be very much better to keep the price at the present level. We could, with very little pain, adjust ourselves to the present price levels.

Chairman BAILL. Doctor, let me ask you one question right there. If we are going to keep the present necessities of life at their present level, is it not absolutely necessary to change the Government policy as to salaries here in the District of Columbia?

Dr. MEEKER. Oh, absolutely; but that will be a much easier thing it seems to me.

Chairman BAILL. I do not believe it is.

Dr. MEEKER (continuing). Than to go through all the painful and disastrous policy of paying off our debts, contracting our inflated currency, and to bring prices tumbling down, causing no end of ruin, the closing up of factories, the failure of banks resulting probably in a widespread crisis and depression that would last through a long series of years.

But then, we are talking about the thing that I want to avoid. Leaving all those questions out of account, far and away the most important thing that could be done to bring down the prices of the perishable necessities of life would be to reform our distribution system. By that I mean take care of transportation facilities between the ultimate producer and the ultimate consumer. You have heard a good deal about the ultimate consumer. I have never used that expression "ultimate producer" before.

Where do most of the wastes of perishable foodstuffs come in the city of Washington or any other city of any considerable size? The

between the terminals, either water or rail and the ice chest mouths of the ultimate consumers. We have no adequate distribution system. We have not sufficient markets; we have not strategically located and we have not the most economical transportation facilities for landing the goods that are dumped at our terminals and at our water terminals where they can be distributed to the retailers or to the consumers most economically.

It is the first economy to be brought about without going into our financial policies.

Now, if you want another opinion of mine, I think the greatest thing that can be done is to control the activities of such combinations—the Big Five and also the activities of merchants, either at wholesale or retail. There are several ways in which that can be done.

I have great hopes of the cooperative movement. I do not know whether the American people can be brought to realize the value of doing things cooperatively instead of depending altogether upon private enterprise and private initiative or so-called competition. I do not know whether they can be made to see that or not.

I think it is well worth trying out—establishing great cooperative enterprises for the purpose of bringing the producer and the consumer together. That will mean legislation in order to prevent the profiteer from getting in his work and taking all of the profit that is effected by your more perfect distribution system.

CHAIRMAN BALL. That would control cold storage, and the prices of foodstuffs controlled to a very great extent by storing up foodstuffs?

DR. MEKKER. I am inclined to think so. Of course, you could get more expert testimony on that score from other people. I do not know of my own knowledge much about the activities of the cold storage warehouses and other warehouses.

CHAIRMAN CAPPER. Who is probably the best posted on the cold storage situation in this city?

DR. MEKKER. I can not say; but I think you can get it from the Bureau of Markets.

CHAIRMAN CAPPER. You spoke of the cooperative system. Cooperative enterprises have been successful in European countries, have they not?

DR. MEKKER. Yes; but the people in European countries are built up on that plan from our people. Europeans will buy of the cooperative store of which they are a member even if they have to go to a privately owned and operated store which offers a lower price than they can get at their cooperative store. They will not do that. I do not think Americans will do that. They will have to be treated so that they will not sell out their cooperative enterprise for a temporarily better price.

CHAIRMAN BALL. Are there any further questions?

CHAIRMAN CAPPER. I have none.

CHAIRMAN BALL. Doctor, we would like to have from you all the reports along those lines that we can get.

DR. MEKKER. I shall be very glad to furnish them.

CHAIRMAN BALL. And you will feel free to communicate with us any time you have something of interest and assistance to the commission.

Dr. MEEKER. I will keep in the closest possible touch with and if I find out anything that will be of interest I will be glad to send it right along.

Chairman BALL. We have with us the representative of the Federal Trade Commission, Mr. Walter Y. Durand. Mr. Durand, have you anything to say to us?

STATEMENT OF MR. WALTER Y. DURAND, SPECIAL AGENT IN CHARGE, FEDERAL TRADE COMMISSION.

Mr. DURAND. Senator, I might say that Acting Chairman M. Durand, of the commission, asked me to come up to-day on very short notice, and to say that if the committee desired continuous assistance or counsel from time to time in the matter under inquiry the commission would be very glad to have some one to aid them as much as it could. I would not be able to undertake that myself, as there are others better qualified. I might say on the general subject which you are engaged here that it seems to me that you probably will not find the source or cause of the high cost of living in the retail stores here in Washington. I would be much surprised if I found it there. You may find instances here and there, but as a general proposition it seems to me that one must look to the interests in the background, the larger interests that control and have such a large part in the wholesaling and production of food or clothing whatever the item is.

The interests that move in the background have a very powerful influence even on the retailer himself, and he is but the last and smallest cog in the machine.

I think this ought to be taken into consideration also with reference to the retailer, that he as an individual is usually doing a small volume of business, and consequently, when his costs of living rise as they have risen, you must expect him to have a somewhat higher rate of return. The larger the business is the less allowance he needs to make on that account; but certainly the small grocer and the small dealer in any line who handles only a small volume must have had to make somewhat more on his goods in the last year or two in order to come out and meet his bills.

As for the general problem of the cost of living, I think, in addition to considering the wholesale distribution and production of the commodities concerned, we ought, as Dr. Meeker has just said very forcibly, to study the marketing system itself. Very great reductions in the cost of living could be found through a reorganization of our marketing system in order to do away with unnecessary costs.

I think that as far as meat is concerned one can not well make a simple comparison, for example, between the price of meat, cat on the hoof, and the price of steaks, or the price of the carcass. If you take the steak, of course there are many cuts, many parts of the carcass, and you have to make allowances. If you take the carcass itself we are forgetting the by-products which enter into the question of whether there is an undue profit or not.

Senator Capper has just cited the case of hides. While there has been a falling in the price of beef cattle and a falling in the wholesale price of the carcass, the price of hides has been going up very

sharply; and in the same way many other by-products that need to be studied if you are going to make a thorough comparison.

As for the question of the amount of profit in meat, the commission has made extensive studies on that point and its reports on that particular subject of profits will be issued, I hope, within a very short time, so that you will find in that report, I think, much that will be of interest to you on that question. I hope it will be available for the committee before long.

I think that is all that I have, Mr. Chairman, in the way of a general statement.

Senator CAPPER. I was wondering if the Federal Trade Commission had given much study as to the cold-storage situation, as to whether the cold storage was increasing the costs of foodstuffs to the people rather than decreasing it, as it was originally supposed would be the result of that business.

Are not the cold-storage concerns in the hands of a few people who use them to monopolize large quantities of foodstuffs and then enter the market and force up the price? What is the observation of the Federal Trade Commission along that line?

Mr. DURAND. I could hardly speak as to that, Senator, as I have not been in touch with what the commission has been doing on that subject. I do know that they have made a very thorough inquiry into the amount of cold storage space and as to the ownership of it, and as to ascertain the degree of control which the five large packers have of cold storage space. Those figures will be made public at no distant date, I think.

But as to the other matter that you mention, the methods used in connection therewith, I do not know what the commission's work on that has shown.

Senator CAPPER. You are not familiar with the cold-storage situation in Washington?

Mr. DURAND. No sir; I have not charge of that.

Senator CAPPER. Have you any suggestion to offer in the way of a remedy for the profiteering problem that people are complaining of, and what might possibly be done here by this Congress to relieve the situation?

Mr. DURAND. I feel that there are two things, one, to clear the way for a free course of commerce in foodstuffs from the producer to the consumer with as little interruption and certainly without restraint. Then the two things into one there; first, to clear away restraints of trade and combinations and make sure that we do not have that artificial element, and, second, to improve our marketing system so as to make it simpler and more direct and, as a consequence, less costly.

Senator CAPPER. Has it come under your observation that there is any specific evidence of profiteering, that is, of extortion, that you know of?

Mr. DURAND. Locally here?

Senator CAPPER. Here in Washington, yes.

Mr. DURAND. No, I think not. In general, the commission in most of its investigations does not take up the retail end, that is, in many of its investigations. As it is directed by the Senate, the passing of the resolution keeps it to the manufacturer and the wholesale distribution of commodities. In some industries I think that the commission has studied retailing. It made some study of the

HIGH COST OF LIVING IN DISTRICT OF COLUMBIA.

of anthracite coal in 1917, during the panic year that war. I think that the coal section of the Commission has also in its leather investigation, in studying boots and shoes, made some study of the retailing of commodities, and I presume, covered the City of Washington and some of the cities.

Mr. Robertson, who has had charge of that investigation for some time, will be available to you, and he could talk on it.

I know nothing of the details of it. I think Mr. Robertson's recollection is correct, served on a fair food-price commission.

District food administrator here during the war time. They were considering fair food prices. I think it might be well to you to have Mr. Robertson.

Mr. Capper. Mr. Robinson?

Mr. RAND. Mr. Robertson.

Mr. Capper. He still holds that position?

Mr. RAND. Yes, sir—Mr. T. M. Robertson.

Mr. BALL. Dr. Mosher, have you any suggestions to the committee?

Dr. Mosher. It seems to me, Mr. Chairman, that there have been a number of matters that are outside of the District very distinctly. I think that ultimately the committee will have to turn to outside conditions, particularly in connection with the wholesale market, because I presume that the local wholesale market is very strongly influenced by the large combinations in the East, particularly in regard to the packing interests.

I think that if the committee wants to get started in the retail market, it should limit itself to the conditions here in Washington and do more largely with the question of retailing than with the wholesale.

I think the wholesaler should also be taken up, but I think it is probably going to be found among the retailers too. I am rather inclined to think that it would be well to make a preliminary investigation with the aid of the gentlemen in the Food Administration and the Fuel Administration.

in order to get a line upon the methods that were used at that time, which was practically up to the 8th of March, 1918.

That time, which was practically up to the 8th of March, 1918, I think the question as to the advisability of going into the cost of living here such as Dr. Meeker suggests is rather a question of price study than a study of the cost of living.

The price study, of course, necessarily take you into the matter of the family budget, but I think it is better referred.

It would do well to limit himself to a discussion of the family budget, but not such a study of the family budget, necessarily; I mean not from the point of view of the family budget.

Three suggestions that came to me in connection with the family budget.

been sale

I think if the committee is going to go into the question of the wholesale market and the distribution system, it might well become a United States investigation instead of one limited to the District, and it sets entirely different boundaries to your problems.

I simply raise those questions because I think they are matters that ought to be taken into account because of the determination of policy at this early stage of the game.

I think that is all I wish to say.

Chairman BALL. We have with us Mr. Barrett, formerly connected with the Federal Trade Commission.

STATEMENT OF MR. N. M. BARRETT.

Mr. BARRETT. I was connected with the Federal Trade Commission for a year and eight months, while they were conducting their investigation. I left on the 1st of April, and my interest was so great in the subject that I kept on with my studies independently. I have been studying the question to the best of my ability, and I am inclined to agree with Dr. Mosher that what the committee ought to take up is the study of prices rather than the cost of living. I think if you want to enter into the question of the cost of living you will have to spin out the investigation unduly so far as time is concerned.

As I look at it, there are two things: Are prices absolutely too high; and, in the second place, are they relatively too high as compared with the prices in other cities? Do sellers of foodstuffs get an abnormal profit on their goods?

In regard to the relative comparison I think it would be a great help to the committee to know what the prices are on a certain standard set of articles or foodstuffs here in Washington and in cities of substantial size, like Baltimore or Richmond or Norfolk. I have been in Richmond within three months, and that is a city which draws a large part of its perishable stuff in the same vicinity that Washington does, and I was somewhat impressed by the difference in prices between the two places. Your committee would probably have to make some special arrangements, because the Bureau of Markets does not at the present time cover those cities in its daily reports. In fact, they had to cut down quite a number of cities the 1st of April on account of the appropriation being cut.

Senator CAPPER. What difference did you find in prices between Richmond and Washington?

Mr. BARRETT. I did not take a note of them at the time, but, for instance, there is a cafeteria here in Washington and one in Richmond run by the same people, absolutely the same management. While I was in Washington I ate there more or less, and I noted that the prices here were higher. There is probably some reason for that, and it may be that they had to pay more for their foodstuffs in the market here.

Of course, in any comparison of that sort due consideration should be given to what is paid for wages and also rents in the two cities, and the question of the cost of distribution would come under the head of wages.

In regard to getting information about prices here in Washington, I think it is within the power of the committee for it to have

some representative dealers come up and testify and bring their books. The committee can ask them what their prices are and what they were three months ago. If there is a substantial difference, let them explain the reason. I think they are entitled to that. It would give the committee information that it would like to have.

Senator Capper brought up the question of cold storage. I happened to have with me some data which is official, having been gathered from the State Board of Agriculture of Illinois. This is from the Chicago Tribune, of July 18, 1919. It covers four staples, giving the amount in cold storage. The figures were based on conditions on June 1. It shows the following as the amount in the Chicago cold-storage houses: Beef, 88,000,000 pounds; pork, 70,517,000 pounds; butter, 7,893,000 pounds; and eggs, 1,280,000 cases.

It goes on to say:

On butter there was even greater indication that there is an unusual movement to keep the product off the market. The Bureau of Markets report showed 26,977 pounds in cold storage, against 12,225,455 pounds on the same date last year, and more than three times the amount in storage 47 days ago.

The movement yesterday alone put 305,655 pounds in storage and brought to 97,303 pounds out on to the market.

That the export trade is not getting the butter is shown by the bureau's weekly report, showing that but 2,010,975 pounds were shipped out of the country in the week ending July 12, and this included one shipment of 1,893,589 pounds to England, the largest shipment under a single entry in recent months.

Then this article goes on to tell us the program that the women of Chicago originated, preparing a questionnaire for all dealers to answer. It is a very interesting article. I have followed the paper rather closely at the library and I have found considerable compliance along that line in other cities besides Chicago.

I think that is about all that I care to suggest.

Mr. MILLER. Would it break your train of thought if I asked you a question there? You say you have studied the cost of living in Richmond, Va., or had looked into it there?

Mr. BARRETT. Oh, that was purely casual. I went there on another errand.

Mr. MILLER. Did you find a sliding scale of prices, say, in Richmond, for the same articles? Here in Washington you can go to a number of different stores and buy an article manufactured by the same people and sometimes there is an increase in price of 25 to 50 per cent. In other words, did you find stores in the elite districts charging more for the same article than stores in poorer districts?

Mr. BARRETT. I was there on a vacation; but I noticed something of that sort in New York. Within a year I was there. This was when I was with the Trade Commission. I went to one of the large packing houses, one of the branch houses. A gentleman said, "You ought to look into what these retailers are charging." I had a little spare time that afternoon, and I ran through their sales slips for the day and took certain articles that had not changed much between the time they left the wholesaler and got to the consumer. For instance, I took the prices of hams and bacon. I found to whom they were sold; that is, the street and number, and on the following day I went to some of these places and strolled in, in a casual way, and asked what their retail prices were on hams and bacon. I found it

some cases that shops not more than two blocks apart had as much of a variation as 4 cents a pound.

Mr. MILLER. We have a case here just called to our attention, verbally, of the Del Monte brand of strawberry jam. You can buy it in some stores here for 30 cents, and in other stores you are offered the same thing for 40 cents a jar.

Mr. BARRETT. Of course, the fault is really the retailers'. There is no doubt about it. They pay the wholesaler the same price. Not long afterwards I happened to pick up a New York paper and saw that two of these shops where I had been had been fined by the Food Administration for making excessive charges; that is, they were told they must pay so much to the Red Cross or told they must suspend business for two weeks, or something of that sort. So there may be a good deal to support the charge that some retailers are profiteering.

Mr. MILLER. The consumer, of course, ultimately suffers that, but if the consumer wants to pay that much for it when he can get it cheaper elsewhere, he should not talk about the cost of living being too high as to that particular article.

Mr. BARRETT. No; the great trouble is the system of marketing—I mean the housewives' system—ordering over the telephone without knowing the price. If the wife of the family had gone out shopping and had gone from one shop to another until she found the cheapest place, she would have been better off.

Chairman BULL. Is there anything more to present to-day? If not, the committee will suspend for the day. We will perhaps be able to proceed with the hearings again by Wednesday.

(Whereupon, at 3.35 o'clock p. m., the committee adjourned until Wednesday, July 30, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

WEDNESDAY, JULY 30, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met pursuant to adjournment at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball, presiding.

Present: Senators Ball (chairman), Capper, Elkins, and Dial.

Present also: Dr. W. Carson Ryan, jr., president of Local No. 2, Federal Employees Union; Mr. E. M. Dawson, president Local No. 89, Federal Employees Union; Miss Nora James, president, Local No. 105, Federal Employees Union; Mr. Benjamin C. Marsh, secretary and director of legislation and publicity, Farmers' National Council; and others.

Chairman BALL. In continuation of the hearings in connection with the high cost of living we will hear, first, to-day, from representatives of the Federal Employees Union. We feel that there is no class of people that are affected more by the high cost of living than the Government employees. The salaries have not advanced in any reasonable proportion to the increased cost of living, while the employees of the industries throughout the country probably had that proportionate increase in their wages. Therefore this increased cost presses and depresses, we might say, this class of employees.

We will hear first Dr. W. Carson Ryan, jr.

STATEMENT OF DR. W. CARSON RYAN, JR., PRESIDENT OF LOCAL NO. 2, FEDERAL EMPLOYEES UNION.

Dr. RYAN. I think I might say, Senator, the chief purpose of our committee in appearing before you is to offer you any help that we can in getting at the facts underlying the high cost of living in the District of Columbia particularly. We have advanced no other interest but that. As you yourself so well stated, the question has become a desperate one for many of us. At the present time the Union is in receipt almost daily of petitions of one sort or another, sometimes from entire offices, pleading for some kind of relief. They have received with welcome your effort to get proof, and we ask you to feel perfectly free to use everything we have.

We have 30,000 employees in the federation right here in Washington, and if you desire to pursue any kind of an inquiry that will go into personal data, we can give you a hundred or a thousand or ten thousand personal statements and family budgets, embracing every kind of family in every part of the city. In other words, any kind of information that can be secured through personal contact

we want to be able to give you if you desire it. We have representatives in every Government unit in Washington.

Miss James of the bureau girls' union will tell you of an investigation that has already been begun. They have a questionnaire sent out to women employees that will show in very remarkable detail exactly what it costs the women in Washington to live—and of course the Government employees are approximately 60 per cent women. So that there is some real information obtainable that and will be at the disposal of your committee if you want it.

In the second place, we are very much in hopes that in any investigation you may make in Washington you will try to analyze the amount of labor cost that enters into the increased prices. The stock excuse of the profiteer is the increased labor cost, and yet so recent investigations have convinced us that for many commodities that labor cost is nothing like as great as it is made to appear.

Recently in the case of the New York candy makers, for example, it was shown that to increase the wages of the candy makers five dollars a week meant an increase for a pound of candy of only 0.15 a cent; and recently the retail merchants here have had to figure on the cost of selling their goods. I think it is something like 17 or 18 per cent, so far. Your committee can obtain exactly how much more it costs them to sell their goods now than it did two or three years ago, and I think you will be able to obtain some facts as to how much the increased costs really is due to labor costs. There is a constant complaint that it is labor cost, but we are sure, from preliminary investigations, that it is not nearly so much labor cost as it is represented to be.

We hope it may prove to be within the purview of your committee to examine a little bit into constructive measures for recognizing the cooperative movement in Washington. At present there is a very live cooperative movement, and I think perhaps the Senators would be rather surprised to realize it. You can not get a cooperative enterprise in this city to-day because there is no act of Congress that would even allow it. The cooperative store in the Bureau of Standards had to go to Delaware and pay three hundred and some odd dollars to be incorporated to do a cooperative business.

The present Army surplus—we in the union have no illusions about the extent of the relief that will come to us from that. We know that if you divide up the surplus it will not go very far, but we believe that if you can help in establishing that it might get people in the habit of buying in groups and therefore buy economically. Whether or not you feel that those things come within your province I do not know. But there are constructive things that can be done, and no Member of the House or Senate would object to it. They are simple constructive measures to make possible cooperative buying.

In conclusion, I hope that your committee will consider the approval of a different kind of price measure for the present measure. I know you are studying index numbers, and I am sure that you know how hopeful we are as Federal employees in that connection. We are willing to take that chance, which is a chance only of truth. If you arrive at a price that is based on index numbers, we take it rise or fall. That is, we are willing to accept that index number price instead of the present arrangement. We know that if the cost of money goes down the cost of coal goes down and our prices go down

We are willing to take that chance, because we believe in the scientific index prices. I believe Mr. Dawson will give you a word or two on that.

I believe that concludes my statement except to renew, Senator, my offer of cooperation. Our people want to help you in this difficult matter, because we want you to get the truth.

Chairman BALL. We appreciate the assistance you might be, especially when the matter actually gets to problems in the district under our supervision.

Dr. RYAN. We will be very glad to help you all we can.

Chairman BALL. I might state that we have outlined a definite policy to follow after to-day. We will have those to testify to-day who have expressed a desire to come before the committee. Hereafter we will select carefully the people whom we want to give definite results in testimony themselves. For instance, we will commence, probably, with the producers as far as we can, then the wholesalers, and wind up with the retailers, and then come down to the proposition of the actual cost to the consumer, if we can fix the responsibility of that very great cost.

Senator CAPPER. May I ask what you hear the most complaints about in any line of profiteering? Is it in any particular direction?

Dr. RYAN. I am afraid it is not. Of course, the thing that hits most people is the rent. They feel that there is a certain coincidence in the fact that Congress has increased the amount of pay \$10 a month, but that \$10 a month has almost uniformly been taken up by the landlords, and that is the most aggravated thing. All the petitions we get simply recite a case of desperation—"we do not know how is it possible to live on these small salaries. It has been bad enough before, but now it is impossible." Rents, of course, are in everybody's mind.

Chairman BALL. I might state that the committee decided to take up first food products, and follow that with rents. The investigation as to rents will be conducted at a later date. We wish to separate the two so that the testimony will be clear.

Dr. RYAN. That would seem very wise, Mr. Chairman.

Chairman BALL. We will hear next from Mr. E. M. Dawson.

STATEMENT OF MR. E. M. DAWSON, PRESIDENT LOCAL NO. 89, FEDERAL EMPLOYEES UNION.

Chairman BALL. You are the president of Local Branch No. 89?

Mr. DAWSON. Yes, sir. That is a local of the National Federal Employees Union. My union is composed of employees of the District of Columbia only.

Senator CAPPER. About how many are there in your union?

Mr. DAWSON. There are about 400.

Chairman BALL. You are a representative of the National Federation of Federal Employees?

Mr. DAWSON. Yes, sir.

Chairman BALL. We will be pleased to have any testimony and suggestions that you may care to give to the committee.

Mr. DAWSON. Thank you. It is not my purpose to dwell long on the increased cost of living, of which we are all too painfully conscious, nor on the alleged swollen profits of manufacturers, whole-

salers, jobbers, or retailers. We all have more than a suspicion that we are being gouged somewhere along the line, but when an investigation is made each dealer in the chain, from wholesaler to retailer, solemnly passes the buck and assures you that he is as innocent as the driven snow and that the other fellow is the pirate.

It would seem to me to require a strict examination by experts of the prewar and postwar books of wholesalers and retailers in various lines to ascertain if profiteering actually exists and where it exists.

I leave this matter, therefore, to the expert accountant.

In regard to the increased cost of living, the rise in price of commodities has been constant—with a slight break in 1894 due to panic—since 1890. The index number, a composite figure obtained by taking prices of various staple commodities such as wheat, clothing, etc., jumps from 94.8 in 1890 to 144.4 in 1907, based on figures from 1890 to 1899 as 100.

Taking the year 1907 as 100 and using 15 foods in computing the index number, the price of food has jumped from 100 to 192 in October, 1917. We are all painfully familiar with the rise since then. Since October, 1917, everything has jumped markedly, and especially rents in Washington. Rents have jumped very much.

We all know that money is more plentiful, that while gold is used as the standard, money has been issued by the Government through its Federal Reserve System in large amounts, on credits, warehouses, etc. This has resulted in a vast flow of money—how well secured, time alone will reveal.

Money being more plentiful and the per capita circulation being greater, there is a tendency on the part of the man who has more money in his pockets to bid higher for a scarce article than he did before when he did not have as much.

The result: Those having such articles for sale are combining to see that they are kept artificially scarce. The trusts—for example, the meat or packing trust—controlling the bulk of the meat animals in the United States and knowing that we all eat meat, are making us pay dear for it. They control both the quantity of meat itself and its distribution and sale; and hence can fix any price desired.

Many remedies for this situation have been proposed. It is cooperation versus greed. The corporations, the wholesalers, jobbers, retailers, etc., represent unfed—as yet—greed, and while this is a Government “of the people, for the people, and by the people,” yet the people are allowing themselves to be robbed right and left. An American would prefer to pay a profiteering merchant 25 cents more than to cooperate with a fellow worker and save this amount. In other words, we are paying dearly in dollars and cents for suspicion of our fellows.

Not so the Europeans. Witness the efforts made in England. If I understand correctly, coal is to be sold at cost to consumers in England this winter, and huge Government restaurants now provide meals, which would cost possibly \$1 here, for about 26 cents.

In France they have taken similar measures. I have here an article dated Paris, July 16, via French wireless, and headed “Four ways to reduce prices.” The article is as follows:

Four definite measures intended to reduce the cost of living were decided upon today at a meeting of the cabinet. Henri Roy, a deputy, was appointed a commissioner to execute the ideas agreed upon. The four plans were:

1. "Clemenceau" or "Vilgrain" food-selling booths in Paris will be doubled in number and others will be established in other centers of population.
 2. Cheap restaurants to supply meals at fixed prices will be started in Paris and in the provinces under the control of the minister of supplies.
 3. All war stocks of foodstuffs will be sold to the public, chiefly through the cooperative societies.
 4. A special service already organized in the ministry of supplies will seek to curb illicit speculation in foodstuffs.
- A bill pending in parliament contains provisions supplementing existing laws against speculation and increases penalties.

Were we not so individualistic here, were we willing to do as the Europeans do—and, wonderful as we think we are, there are perhaps a few lessons that we can learn from other nations—were we ground down economically to the point they are, we might perhaps be willing to get together and save money. I almost wish, from time to time, that prices would go so high that some sense would be pounded into our heads about cooperation. But an American will pay any price demanded if he wants an article. He will grumble, but he will pay. He will come out and tell another that it is an outrage; then go ahead and be plucked again. On this subject we talk, but never act.

Senator CAPPER. Is it possible for the organization you represent, the National Federation of Federal Employees, with their 30,000 membership, to so band together that they would have some effect on the prices in the District?

Mr. DAWSON. I think it is possible, decidedly possible.

Mr. MILLER. Are steps being taken by that organization to organize their members?

Mr. DAWSON. I do not think that any cooperative store proposition plan has been yet put before them or has been adopted by them.

Mr. MILLER. They are just starting it?

Mr. DAWSON. Just starting it at present; yes.

Mr. MILLER. Prices can not go much higher before they will be forced to organize.

Mr. DAWSON. I think that is the case, yes. Their money now buys only half what it used to buy.

Mr. MILLER. I just want to call your attention to some of the statements you are making. They are very good; but I was wondering whether your own organization has taken any steps to put your suggestion into effect.

Mr. DAWSON. I will bring that in later. Our own little local, of course, does not bind the other members of the other locals. We have just tried it as a District proposition, you might say, among the District employees.

In regard to the immediate situation in Washington: The Post Office Department has an excellently organized cooperative store in its basement, supplied with fresh goods daily by motor trucks which buy directly from the farmer. They have over a thousand members of their organization buying cards for \$1 which entitles them to 95 cents, cost price of goods, the other 5 cents going to wage of storekeeper, etc.

Senator CAPPER. How long has that been in operation?

Mr. DAWSON. That has been in successful operation at least three years, to my knowledge.

Senator DIAL. They will not sell to anybody but employees?

Mr. DAWSON. To nobody but members of the organization. I understand that all last winter this store sold eggs 20 to 30 cents a dozen cheaper to members, below the prices in the retail stores. They got them direct from the farmers. They ran trucks up to Martinsburg and Frederick and a few different localities.

Senator CAPPER. The employees run the trucks, not the Government?

Mr. DAWSON. The employees run the truck. They have their own board of directors and everything else. The employees of the Post Office Department run it.

Why not extend this proposition? Why not have a branch in every department and in every section of the city? Why not have hundreds of motor trucks laden with goods move from the farming districts every day to the Nation's Capital and let the Government employees and others get the benefit? If you do not, and allow the profiteer to pluck his victims unchecked, discontent will do its deadly work. Strikes and discontent on the part of Government employees are plainly dangerous. Therefore, cheaper food, which is one of the devices which will create increased belief in, increased loyalty to, and content in the Government, should be provided.

As president of local No. 89, National Federation of Federal Employees, I have for some time urged my local to try to get a cooperative store in the District Building. Space is available yet is refused by the Engineer Commissioner of the District of Columbia on the ground that this is primarily an office building, and the vacant rooms may be needed later. Yet two competing lunch-room firms which sell cold packed lunches sell their lunches in the halls of the building, being permitted to do so because they will save money to the District of Columbia employees. It is certain that a cooperative store will save even more, and yet it is not allowed, up to this time. I have tried my best to get it through.

There is another recommendation that I think is very vital, and it is this: The reclassification commission will speedily and equitably reclassify the salaries of all Government employees residing in Washington, and probably the resulting scale will be applied to all Government workers. Why, then, should not the following be done? Say an employee is to draw his salary of \$1,800 under the reclassification. We will assume that his salary has been reclassified equitably. If prices still continue, his salary will shrink in purchasing power. Why not compensate him and every Government employee, not at \$1,800, or whatever salary he draws, regardless of what it will buy, but pay him \$1,800 plus or minus increased or decreased cost of staple articles needed in the home? To illustrate: Suppose we take prices in 1919 as a basis. Prices rise in 1919 5 per cent. That is all calculated by the Bureau of Labor Statistics. They get an index number and calculate what the index number is at a certain time, upon increase, that is, they calculate the increase or decrease of the index number, and that is done monthly, as I understand.

An employee drawing \$1,800 in 1919 can be estimated for at 105 per cent of \$1,800, or \$1,890 in salary estimates for the next fiscal year 1920-21. In other words, the index number for December, 1919, would form the basis for estimating salaries in the budget for the succeeding fiscal year, beginning July 1, 1920, and ending June 30, 1921. The same would be done for the next fiscal year, and so on.

index number decreased 5 per cent, the employee should be 5 per cent of \$1,800 or \$1,710. This method is scientific, enable the employee's salary to always have the same purchasing power. Mechanics now often get \$8 per day, but buy no more with it than they formerly could buy with \$3 or \$4. Therefore, the number of dollars in a salary should vary with the cost of commodities which economists now admit is the real standard.

As the cost of the articles we have to buy is the standard, and as the number of dollars we get should vary with the cost of commodities.

MILLER. Is that proposition put forward as the opinion of your commission as a relief in this matter?

DAWSON. No, sir; that is my own personal opinion.

ARMAN BALL. I would like to state right there that there is a committee of experts now working on a readjustment of salaries and have taken all those propositions into consideration. They are to submit a proposition of a sliding salary in proportion to the actual cost of living. Dr. Mosher, who has testified before this committee, is the expert.

DAWSON. The result of such legislation—and it should be enacted into law—would be to remove the endless wage and salary dispute between employees and the Government. It would check the day growing tendency to Bolshevism. It would tend to make the Government really strive to cut down living costs, because the Government found living costs increased 20 per cent in any one year. There would be some real investigation into the high cost of living as to the increased amount of money it would have to pay its employees. It would tend to devise schemes for intelligent and saving cooperation among its employees, as any such reducing living costs would tend to reduce salary costs to the Govern-

On the other hand, the Government would look to it that no undue thing would boost salary pay rolls unduly.

I read this out in my own mind without consulting any expert on it, but since I did that I found that Prof. Irving Fisher wrote an article lately on that which I have here, and in it he states that some private firms have already been using this method.

I will read it if you wish me to. If not, I will have it—

ARMAN BALL. That would hardly have any bearing with this matter. There is another committee called the Committee on Regulation of Salaries that is following that matter up. Any way we can get, any fixed line of investigation will benefit that committee in its results from year to year. They are adjusting the salary in proportion to the actual cost of living.

DAWSON. Yes. I did not know there was that committee on that matter up.

ARMAN BALL. The Committee on the Reclassification of Salaries.

DAWSON. I did not know but you might possibly have this in your scope.

ARMAN BALL. They are taking in all the scope of your last recommendation. They are starting along that line. I have no doubt they will figure out a fairly good scientific plan.

Mr. DAWSON. This is scientific, for the reason that it follows the cost of living absolutely.

Chairman BALL. It follows the cost of living, but to adjust the percentage of increase in wages in proportion to the increased cost of food products is rather a difficult proposition.

Mr. DAWSON. I admit that getting that index figure would be a proposition.

Chairman BALL. That committee is endeavoring to work it out.

Mr. DAWSON. It seems to me that they might apply some principle as this.

Chairman BALL. You have got to fix a percentage of rate of change. It makes it a difficult proposition. But this committee has nothing to do with that proposition. The purpose for which the committee was appointed was to attempt to fix the responsibility of profiteering, if there is any profiteering in the District of Columbia.

Are there any questions you would like to ask?

Senator CAPPER. Do you hear a good deal of complaint about profiteering?

Mr. DAWSON. Yes; I hear nothing else. There is always a complaint about it. In my opinion that is the real live issue before the American people now. They can dangle forth a tariff or a treaty or anything else, but way down at bottom I think is the issue of living, and I think that political parties make a great mistake when they do not try to solve it.

Senator CAPPER. Do you hear of any specific instances of profiteering? It seems to be especially raw transactions on the part of profiteers.

Mr. DAWSON. Well, I heard of one last night. I will simply tell you it as I remember it. I heard about a man who went into a shop here in Washington and wanted to buy a pair of shoes. He was shown a pair of shoes at \$12. He did not buy them. He remembered that he had a friend who was a shoe manufacturer. So he asked him what he could buy a similar pair of shoes from. The friend sent down a pair of shoes by mail or express. He sent a bill for \$5 for a similar pair of shoes. Apparently, you see, the retailer got the difference between \$12 and \$5. He asked the manufacturer to bill the shoes at the wholesale price. That is another feature of it. So the difference in that case between the wholesale price and the retail price was \$7. It seems to me that is rather exorbitant.

That seems to be one instance in which the matter was checked up. That is the only one I know of that I can check up here.

Senator CAPPER. Do you hear much complaint about the situation here?

Mr. DAWSON. Well, not so many complaints. Milk has gone down a little, a cent or so a quart, although I do not doubt that among the poor, where there are babies in the family, there must be a great deal of complaint because babies and young children must have milk and they are not getting it. They are being fed coffee and sugar and everything else instead of milk. The result on their vitality is very bad. These children, a good many of them, will not grow up. If they do grow up they will grow up into weakened individuals. Later on if the country is in war and wants to call up some of those weakened people, they will find that they have been doing very badly in allowing all this under nourishment.

It was proven in the case of England when she tried to recruit for the Boer War. She found out, especially as to her city, that they were absolutely unfit, or a great proportion of them, for. As a matter of fact, in this last war she had to establish training camps and build up thousands of her soldiers before they were fit to go into the military service.

We will have the same experience. Of course, we have not as many generations of that sort of thing behind us as England has. Our cities and our slums have not existed so long; but if we continue high and food scarce, we will be up against the same thing.

MAN BALL. Do you think your organization, if after investigation we find that one of the best solutions would be cooperation, are willing to run cooperative stores?

DAWSON. Oh, assuredly. I know my particular local would be very keen on building one. I have found the greatest sentiment that among the chiefs in the District Building, too. They are enthusiastic as we are.

MAN BALL. Of course, the first thing to find out is whether we can get undue prices. If we prove that, then it is our duty to get that condition if we can. That is one of the suggestions made there, and it has been made to us from other sources as well as giving some relief.

DAWSON. It would give a great deal of relief.

MAN BALL. I just wished to know if you thought it could be carried out by the employees of the District government if such recommendation were made?

DAWSON. I most certainly do, and carried out efficiently.

MAN BALL. Are there any other questions?

THE DIAL. The price that you stated in England was 26 cents, compared to a dollar here?

DAWSON. I say that is just an estimate. What they furnished here I know would cost about a dollar in a restaurant here.

THE DIAL. That is a big discrepancy.

DAWSON. That restaurant is Government-owned and Government-operated and the food is sold practically at cost.

MAN BALL. Is Miss James here?

JAMES. Yes.

STATEMENT OF MISS NORA JAMES.

MAN BALL. Miss James, you represent one of the organizations?

JAMES. I represent the Women's Union of the Bureau of Printing and Printing, Local No. 105, of the National Federation of Federal Employees.

MAN BALL. We would like to hear any suggestions you would like to make to the committee.

JAMES. In the first place, I represent 2,600 women. A year ago we sent out questionnaires for the purpose of investigating conditions in the bureau. We discovered that 70 per cent of the women were dependents; and, as you know, the salary there is very small.

MAN BALL. What is the salary there?

Miss JAMES. The entrance salary is two thirty-seven, which is 1,300 people.

Chairman BALL. What do you mean—two thirty-seven?

Miss JAMES. \$2.37 a day. The maximum salary other than is \$2.88 a day. So we put through these questionnaires.

Senator CAPPER. Has there been any increase in that salary last year?

Miss JAMES. The increase in the last year was just a few. In the \$2.37 grade there was no increase, but in the \$2.88 salaries were advanced; \$2.50 was the highest grade, and was advanced to \$2.88. I think there are probably 200 people who advanced in that rate.

Chairman BALL. Did you get the \$120 increase?

Miss JAMES. Yes, sir; but it is the basic salary that I have referred to now.

We found from these questionnaires that 70 per cent had dependents and they were obliged to work evenings at different places. They go in stores after office hours, and some work at soda fountains in other places where they can get employment so as to get two or three or four hours a day more work to meet the high cost of living. I know of cases where people are just barely existing because of the high cost of living.

Chairman BALL. What was the salary per hour that they were getting when they work outside, as compared with the salary they were getting in the Government service?

Miss JAMES. The salary they got on the outside? I am not sure about it, but I think it was either 50 or 75 cents an hour. They were able to obtain. They pay much more on the outside.

Chairman BALL. About twice?

Miss JAMES. About twice. I know of one instance where a person got 75 cents an hour and another one where 50 cents was the pay.

Chairman BALL. Just about double?

Miss JAMES. Yes, sir; just double on the outside.

The women's trade union league has got in some questionnaires which have not been distributed yet. I just received them today. Their purpose is to get the average cost of living for the women in Government departments. This list that I have here is one of them and this would tell everything—wearing apparel and everything else. It would give the entire cost.

Chairman BALL. Are those to be filled out?

Miss JAMES. They are to fill these out and get the data. At a later date I can give you the proper data.

Chairman BALL. Could you do that and send it to the committee here?

Miss JAMES. I will do that as soon as the data is collected.

Senator CAPPER. Do you send it to all the employees?

Miss JAMES. All the women employees of Government departments. Our union is composed entirely of women.

Chairman BALL. We will appreciate it very much if you will do that.

Miss JAMES. Certainly, sir.

Chairman BALL. We will now hear from Mr. Charles A. Lynam

STATEMENT OF MR. CHARLES A. LYNAM, SECRETARY OF THE NATIONAL BOARD OF FARMER ORGANIZATIONS.

Chairman BALL. What position do you hold, Mr. Lynam?

LYNAM. I am secretary of the National Board of Farmer Organizations, with offices in this city at 615 Woodward Building. September 1, we will be located in a house which we have bought, and we will be available. I will be glad to give you a copy of our papers here.

Do you want me to make a statement, Senator?

Chairman BALL. We would like to hear any statement you desire to make.

LYNAM. Mr. Chairman, this hearing was rather unexpected. It was just called to my attention to-day, and I have no prepared statement to offer.

Chairman BALL. We reserve the right to call you again. Your connection with the farmers may necessitate our summoning you here.

LYNAM. I suppose it would be germane to this hearing to get a background of organizations which are working on the question. The board which I represent came into existence in the summer of 1917 to meet the war emergency.

Chairman BALL. I would like to ask one question there. What connection have you with the farmers or producers?

LYNAM. Our connection is very direct. There are 14 organizations, most of them national or interstate in their scope, which have elected representatives to serve on this board. These men meet from time to time. The executive committee averaging, I should say, once a month in its meetings here, coming whenever it is deemed necessary and advisable. We have held three important conferences since this organization was started. In the fall of 1917 we had a group of farm leaders from all over the country come to Washington, Grange masters from the great grange States—

Chairman BALL. That is what I wanted to know, whether you had direct connection with the farmers' organization.

LYNAM. Grange masters from the large States, farmers' union presidents, and leaders of the great dairy organizations, cotton and growers' associations, etc.

At our last August meeting we had delegates from 39 States. There were 17 presidents or officials of State farmers' unions, which is a very high percentage. Five State granges were represented; 10 of the principal whole milk marketing associations, including the dairymen's league, New England Milk Producer's Association, Philadelphia, and Chicago, Milwaukee, Twin Cities, Detroit, and the large milk marketing associations.

We are in constant touch with those organizations and are trying to carry out the wishes of those organizations.

Chairman BALL. Your organization is thoroughly familiar with the wishes, then, that farmers would receive?

LYNAM. Yes, sir; we are.

Chairman BALL. We can get that evidence through your organization?

LYNAM. Yes, sir; you can get very valuable evidence.

I started to say that the farmers and farmers' organizations of the country found it absolutely necessary to be represented here in Washington during the summer of 1917. The President announced that food would be placed under Government control. The announcement was made that Mr. Hoover would be appointed as controller. So the leaders who had been working through this line of farm organizations came to Washington and got acquainted in many cases for the first time, with the others down here, meeting in the hotel lobbies and in these conferences of these emergency boards which were then being created. They found that there was a great need for representation. They tried very hard to impress the Government with the necessity for representation of farmers on the various governmental boards. As far as I know, there were not over a dozen representatives of farm organizations given any positive authority in the food administration, where you would naturally suppose the largest farm representation would be.

I know of three men who can fairly be said to have represented farm organizations as such. In all cases I think they received salaries at least for part of the time, and they were not in a position to exercise any executive authority.

Just in passing I would like to comment on the difference between that situation and the situation with respect to a great organization like the National Chamber of Commerce of the United States. I believe in Sunday's paper it was stated that they had supplied thousands of men in war industries and on war boards. We know that they have very adequate representation on the American Federation of Labor on these same boards, on the War Labor Board and on the War Industries Policies Board.

It is the farmer's own fault, undoubtedly, that this condition has existed; and the organizations of farmers realize that they must take steps to get in touch with the great organized body, for the reason that there is a very dangerous propaganda being carried throughout the country which is injurious not only to the farmers themselves, but to the whole country as well. It is a propaganda which attempts to fasten the blame for the high cost of living on the farmers. It is a very dangerous propaganda, because there is a wide gap between the producer and the consumer and that gap is widening, owing to the readiness, we will say, of some young disbarred attorney to appeal to the ignorance of the city people as to the things that enter into food products.

The city people ought to be told these facts. I will give you an illustration. Last summer one of the papers here was remarking that the prices of potatoes were fastening the blame on the farmers. I come from a potato-producing State. I have been a farmer all my life and I grew up on a farm. I own a farm in northern Wisconsin where we produce lots of potatoes, and I came right from there when I came down here to take my position.

Two years ago last winter when people down here were paying \$2.50 a bushel for their potatoes, the farmers up in northern Wisconsin had no potatoes on hand. I want you to get that point because the marketing situation is so arranged that the farmer cannot unload the great bulk of his crops, like potatoes, very soon after they are harvested. The potatoes that you were pay-

\$3 and \$3.50 for in Washington, in other large cities were sold by the farmers on an average of not to exceed \$1 a bushel that year. I am basing that on my own knowledge of prices in northern Wisconsin. Of course, the exceptional farmer who had a root seller and held his potatoes got perhaps \$2 a bushel up in northern Wisconsin. But the great bulk of the crop had been sold, and the same situation applies all along the line as to most of the products which the consumer is buying.

The following winter there was a propaganda carried on which very seriously affected the farmers. There was an increased production of potatoes owing to the campaign carried on by the food administration, all over the country, and the crop was increased. As I recall it, the Armour Grain Co., of Chicago, came out with the statement early in the fall to the effect that there would be a surplus of 100,000,000 bushels of potatoes, and that unless the farmers sold those potatoes so that the consumers could get them, for, I think, 50 cents a bushel, this surplus would either rot on the farms or would have to be fed to live stock. I was in Wisconsin at that time. I conducted an investigation and carried on correspondence with people through Wisconsin and Michigan, with the commissioners of agriculture of those two States and other States, and I have their letters and statements showing that the cost of production for potatoes that year was in the neighborhood of \$1 a bushel.

Yet there was a propaganda carried on which made the people here in Washington and in other cities feel that they were being unfairly and unjustly treated if they could not get those potatoes at 50 cents a bushel.

The freight amounts to something. The hauling to town amounts to something; and I figured out that if the consumer got the potatoes that year at 50 cents a bushel the farmer would have to sell out about 20 to 25 cents a bushel. I figured that in Wisconsin, on the ground, at the time.

That would have meant a loss of millions and millions of dollars to the farmers.

The point I would like to make, Mr. Chairman, is that city people must concede cost of production—average cost of production—for farm products. If they do not, the farmers are going to quit the business.

The same thing applies to the dairy situation. I remember that Mr. Hoover sent a telegram to New York City rather taking exception to the position of the Dairymen's League there. I think he said that Mr. Cooper's methods as president of the Dairymen's League were in a class with the great profiteers of the country, or words to that effect. As a matter of fact, the milk associations have been trying to cut the cost of production, have been trying to get the data, and I have been in a number of conferences with the milk dealers of the country and with Mr. Hoover. We have talked these matters over for several years.

We asked Mr. Hoover to appoint a commission, which he did. That commission was a good one. The personnel was first class in every way. The data was ready at a time when the consumers of the city of New York were clamoring and denouncing the farmers as profiteers. We tried to have that information published, and those

bulletins were held up, it seems to me, for five or six months, the great need for them had disappeared.

The fact is that the leaders among legislators and officials in ernment are afraid to come out with the truth, even if they know because the city folks are so thoroughly organized. It is so easy you people here in the city to call in the reporters and all get together.

I tried to answer this editorial in this Washington paper in reference to the potato situation. I wrote a short statement of not over 400 words and asked them to publish it. It was never published.

At the time that the Chicago milk producers had their backs against the wall—that was about two or three years ago—two of us who were thoroughly familiar with the milk situation in Wisconsin and in Illinois wrote a less than 500-word editorial to one of the important Chicago papers taking exception to what we regarded as the ruthless persecution of the farmers. After a week that was printed, but then cut out, without indicating the omission, the very part of our statement which we desired most of all to have published. Usually, you know, they put some stars in there. It was something like 383 words so it was not too long.

After there had been a change of heart down there at Chicago the same paper came out in an editorial of its own, about a month or two months afterwards, and they took that part that they had left out and incorporated it as their own, practically word for word.

There are some city folks here, representatives of city organizations, and I take this opportunity to tell them that they are getting the truth. I think they ought not to let some young budding politician that wants to go to Congress or wants to do this or that appeal to their ignorance and their passion and their prejudice against the farmer.

You go into a barber shop or any other place around the city, if they think you are a farmer they will josh you about the high price of everything that is raised on the farm. They say, "You are getting rich." That is true; you all know it, if you are in touch with the situation at all.

There are remedies for this. The farmers have got all they need to do to handle their own case. They know that they must organize. We have these great farm organizations, some of which are educational in nature, like the Grange and the Farmers Union and equity societies and the Gleaners; and then there are other organizations that have come into line as a result of the education of the farmers, and they are organized around the marketing of a particular crop, such as oranges in California and milk around the cities, and live stock and so on. They have got all they can do to take care of their own affairs, and this propaganda has put them in an unfavorable light. But they are anxious to see the consumer properly and effectively organized.

I personally have been in touch with many of the leaders of movements designed to help the consuming end of things, and I have always advised them to study very carefully the methods of the cooperative wholesale society of England. I am not opposed to the retailer, you understand; he has a legitimate place; but I think that for people that are working on small incomes and who have to go and buy their groceries at these high-priced places that are in

because of the desire of wealthy people to have ease in ordering—these people who have to pay for telephone service and credit accounts—they should have a knowledge of how they can lower the cost of living. There have been all kinds of attempts to start cooperative stores. That is not what we need so much as a movement starting from groups such as are represented here, that, in a national way, will point out the benefits of cooperative buying. The trouble with the store movement in this country, as I see it, Mr. Chairman, has been that it has sprung up in isolated places. These little stores—and this applies to the farmers' stores as well as to the consumers' stores—have been defeated by the boycotting and discrimination of large and powerful trade associations that are determined to establish and to vindicate the principle for which they fight, that to the retailer belongs the retail trade and that business must be done through regular channels.

That has been the trouble with these little stores, so that any little store started in Washington or New York or Philadelphia has not been a part of one great and correlated movement that can supply information simultaneously all over the country. Some large wholesale concern or manufacturer refuses to sell a certain line of goods, and as long as that situation exists I do not think we are going to have what is necessary.

Here is a book which, I suppose, a good many have seen. It is the history of the C. W. S.—the Cooperative Wholesale Society of England—written by Percy Redfern, a very celebrated economist in England. He gives the story of the movement that started in 1844 with the Rochdale Weavers and which has grown until there is an annual turnover through all the cooperative societies of every manufacturing concern which they own of something like a billion dollars.

That is only a part of the business of England. Those who want to join this movement can do so and those who do not want to can stay out. But whatever volume of business is done there, say, 25 to 30 per cent in England, is sufficient to check profiteering tendencies.

That is the solution that I have to offer, Senator, of the high cost of living. It is either that or Government ownership; and the farmers are not going to stand for Government ownership as a rule. Some of them are for it. I would like to see the American Federation of Labor place greater emphasis on the matter of reducing the costs or at least place as much emphasis on it as they are placing on the matter of high wages and shorter hours. It is going to take some great organization like that to get this thing in motion. I know they have already taken steps to indorse a plan of Rochdale cooperation.

Chairman BALL. We may want to talk with you, Mr. Lynam, later about the original prices of articles produced on the farm, and you might be able to give us some very valuable information. It is necessary for us to get the costs to the farmers in the first place.

Mr. LYNAM. I would like to say one word about the price of milk, for instance, at Chicago—

Chairman BALL. We are not ready to go into any specific prices to-day. We are just hearing people who asked to be heard so that we can at our next hearing start in on a systematic investigation. What you have told us, especially your suggestions along cooperative lines, seems to bear out the recommendations for the relief of this

condition. Of course, we are not ready for that. We have got to fix the proposition that there is something to be relieved first, but it is possible to go on with the investigation along those lines.

We are very much obliged to you.

Is Mr. Benjamin C. Marsh, secretary and director of legislation and publicity, of the Farmers' National Council, present?

Mr. MARSH. Yes, Mr. Chairman.

STATEMENT OF MR. BENJAMIN C. MARSH, SECRETARY AND DIRECTOR, LEGISLATION AND PUBLICITY, FARMERS' NATIONAL COUNCIL.

Mr. MARSH. Mr. Chairman, shall I give my name?

Chairman BALL. Yes, sir; give you full name.

Mr. MARSH. Benjamin C. Marsh. I am secretary and director of legislation of the Farmers' National Council. This is the largest union for a special purpose, carrying out an economic reconstruction program, of any farmer organization in the country.

Chairman BALL. You are in touch with the farmers, are you?

Mr. MARSH. Our reconstruction program was adopted by a conference of representatives of the American Society of Equity, National Federation of Gleaners, and various State granges and representatives of several farmers' unions and of other small organizations. As I say, we have the largest number of any such union of farmers, something like three quarters of a million.

Of course I am not going to talk to you this afternoon—I am sure you do not want me to, Mr. Chairman—of the farmers' reconstruction program, but I would like to state this—

Chairman BALL. We want any suggestions you may make this afternoon that will help us in getting material and correcting conditions that exist.

Mr. MARSH. You want me to talk right out from the shoulder and not mince matters, and to put the responsibility where we think belongs, do you not, Senator?

Chairman BALL. Yes.

Mr. MARSH. All right. I will say, however, that we believe that our reconstruction program will be the most important way to reduce the high cost of living, not only for the farmers but for all the workers of the country as well. I mean to say that we do not find any point of divergence or difference between the farm workers and the city workers in that our reconstruction program specifically says that we feel that labor should be the first fixed charge of industry. By implication we do not believe that profiteering should be the first fixed charge or profit on industry.

May I add, too, that in reference to the high cost of living and the causes we have got to take to a certain extent the national cause because you can not deal with national and international economic causes solely in a locality.

I will say that I have been secretary of the American committee on the high cost of living for some years and also that for 11 years, nearly, before coming down here I studied the housing problem. I was secretary of the New York City congestion committee and of an official city commission and I have studied the housing problem all over Europe and in this country. I merely want to give you the

results of a real serious study of that question as well as the food question, and I offer these suggestions tentatively, Mr. Chairman, for your consideration.

Several years ago on one of my trips to England I spent a number of hours with the executive agent, or officer rather, of the Wholesale Cooperative Society, and I presume you know what an enormous work they are doing. I think before the war it was about one-half billion, and he admitted, Senator, and gentlemen of the committee, what has been so consistently and inevitably illustrated here in Washington and everywhere during this war, that no matter how much you reduce rent and the cost of transportation and the cost of food, the man you are trying to help does not get the help. It goes to the landowner, to increase land values, ground rents, and rents for housing.

We estimate—and I have got here some data which I spent several years in compiling. I am not going to try to read it to you, but I will possibly read to you a few items—that at present the cost of living is due to about six or seven main economic causes, and that those conditions which we are going to suggest that you change take at least \$10,000,000,000 a year from the people of America. If you could cut down the cost of living by \$10,000,000,000 you would have almost as genuine a gratification meeting as you had when we heard that the armistice had been signed. I think you will agree to that.

Now, we will itemize it. The first is our system of land tenure and the failure to tax land value. I am going to take up credits and other things later. High land values inevitably mean high cost of food products and all other service rendered. We estimate that the land values of America amount to \$3,000,000,000, certainly over \$3,000,000,000 a year in ground rents above all taxes. You know how it has worked out here in the District of Columbia. May I give you a personal illustration?

The District of Columbia is the only parasite in America where every American citizen is taxed to enrich the speculative land holders—not landlords, as such, but owners of land. I came here a year ago, in April, and I paid \$75 a month rent for a furnished house. Last fall I went to a little place out toward Cleveland Park, half of a double house. Before the war the other half rented for \$42.50. I knew that the owner's neighbor had been offered \$125, and at my wife's suggestion I offered him \$100 a month for the same accommodation, and he took it.

After the armistice was signed I said to him, "Would it not be fair to reduce this rent?" "Oh, no," he said. "There are not many houses in town, and I can get it." And he could.

Now, just to be concrete on the local situation: I hope you will get a record here of the transfers of property, particularly of unused land; that is, vacant land. I know it will show, gentlemen, that the land-owners of the District of Columbia are worse profiteers, relatively, proportionately, in percentage than any of the "war bride" people or any of the alleged enormous profiteers of the country. Why? Because we all subsidized them by paying half the expenses of the District of Columbia, and because we have taxes on homes and do not tax the land values heavily at all, and therefore speculation in land values is rife.

In connection with our analysis of these causes of the high cost of living which are fundamental and which, might I say, are substantially the causes assigned for the high cost of living by the British Labor Party in large measure, by the American Federation of Labor, by all the labor parties of this country, by all forward-looking democratic forces of every country which has been allied with us or associated with us in this war, let me say this. The land speculators are getting at least \$2,500,000,000 a year more than they ought to get. I do not want to take all their ground rent. Then the private ownership of natural resources, aside from the use of land for agricultural and urban purposes gives the owners a net profit of at least \$600,000,000 a year. The Commissioner of Internal Revenue in 1916 shows that the owners of mines and mine operators are getting profits that are well over \$800,000,000—I think it is about \$832,000,000 net, above all local and Federal taxes.

I do not want to go into this very much, because there is a gentleman here who does know the coal situation and who informs me he is going to explain it; but we are paying, the Geological Survey says, five or six times the price or value of coal at the mines. There is a spread for which there is no excuse.

Then there is another big item which we have got to consider, and that is the inflation due to the utterly inexcusable failure of Congress to tax the war profiteers. I was just looking the other day over the reports of the Commissioner of Internal Revenue on the profits of these profiteers and the few corporations—I mean the relatively few compared with the small corporations. The big corporations got away, net, with over twenty billions of dollars.

I know that Senator Capper appreciates this situation, because he took office as governor of Kansas on the farmers' national committee, and I know the Senator will testify to the vigorous campaign which we made over the country—about the most democratic and honest thing that the American people ever undertook to do—and that was to tax these profiteers—instead of which we flicked them on the wrist with a feather and let them prate of their patriotism. What is the result? Our national debt is, in round figures, \$26,000,000,000 of which approximately nine billions represents loans made to our allies. We will all of us be grateful if we are able to recover those loans. "Recover" is not quite the expression. We will all of us be grateful, if I may correct it, if our allies will be able to repay those loans. We hope they will. But we may be certain the way things are going our national debt at the end of the fiscal year 1920, next June, will be around \$30,000,000,000, most of it issued at about 4½ per cent interest, roughly.

I mention this because this inflation is not a local matter. It is inevitable that we are going to have higher prices and we are going to continue to have higher prices. It is up to the Congress of the United States, for, in plain English, the chief responsibility for the high cost of living is on the two branches of Congress and upon the President of the United States.

I am not criticizing, but I do not think it is fair to make any other statement, because you gentlemen have the power to control the profiteers by legislation. You have the power to change conditions through legislation, and we earnestly hope that you will do so.

Private ownership and operation of railroads involves a cost of about \$1,000,000,000 of unnecessary burden upon the American people. Mr. Lyman, if I understood him correctly, said that some of the farmers only were for Government ownership of railroads. I admit that not all of the farmers are for Government ownership of railroads, but the number of those who are for Government ownership and democratic operation of railroads is increasing very markedly for this reason, that very prominent representatives of the stockholders of the railroads and the executives of the railroads admit frankly that they will not take the railroads back except with a guaranty—a guaranteed dividend or with permission to raise their rates very materially. That is going to mean an enormous increase in the cost of living, for, as Commissioner Woolly of the Interstate Commerce Commission, in his address to the bankers of Virginia, said the other day:

If you increase the freight rate on an article 25 cents, according to the usual ratio of price of that article, the article is increased not 25 cents, but fourfold, or \$1.

That would mean a marked increase.

Many of the railroads are claiming that they have got to have an increase of at least 30 per cent. The Association of Railway Executives have recently made public a statement showing that the eastern railroads during the first five months of this year earned only 14 per cent of the guaranteed compensation. But let me interpolate here that that was at least \$300,000,000 more than the railroads were entitled to get. The southern roads got 43 per cent and the western roads 46 per cent.

Here is what the advocates of private ownership of railroads have got to face. The eastern roads for the five months would have earned their guarantee, and having fed at the public trough so well they will never go back to the rations they have had. The eastern roads for the five months would have earned their guarantee, at least would have earned their guarantee had the rates on freights averaged 20 per cent higher, while 15 per cent higher freight rates on the southern and western roads would have brought it out even.

With the private ownership of railroads the roads are capitalized—and this affects the price, gentlemen of the committee, of every article that you and I buy in Washington or anywhere else in the United States—they are capitalized, roughly, for nineteen to nineteen and a half billions of dollars. Of that capitalization at least six to seven billion dollars represents watered stock. The Farmers' National Council not only feels that you should, but urges that you begin to tax these unconscionable profiteers. After we have Government ownership and operation of railroads the people of the United States can own those railroads absolutely without a penny indebtedness. Gentlemen, 206 people in America own as much wealth as all the railroads in America are entitled to receive from the Government—206 out of a population of 110,000,000 own to-day twelve or twelve and a half billion dollars; and for some peculiar undemocratic and unpatriotic reason, not only are the railroads guaranteed a given amount, but \$300,000,000 more than they are entitled to get.

Then our credit system costs are about \$400,000,000 a year. Let me give you a little idea as to how that affects food products. I know you gentlemen from agricultural districts will appreciate this. If interest amounts to 8 per cent, that leaves nearly one-

half of the cost of production of farm products, certainly add 8 per cent if not 8½ per cent. The Census Department has shown that the total indebtedness against farm values in 1910 was in round figures \$6,000,000,000. The average interest rate was 7.9 per cent amounting to about \$500,000,000 a year interest to the farmer while the men who are putting their money into the United States postal savings banks are getting 2½ per cent. The farmers have got to have their costs of production or quit producing. Farmers do not strike. What do they do? They throw up their hands and run to the city; and that has been going on very rapidly since the first of this century, in fact, since 1890. We know that farmers ought to have their credit for 4 per cent, exclusive, of course, of payments principal; that they ought to have their credit for 4 per cent and that would mean a tremendous reduction in the cost of production. J. P. Morgan & Co., with their interlocking directorates and with private fortunes and with their control over the resources of the Equitable Life Assurance Co.—these are the figures of the Pujo investigation committee—have a credit of \$2,104,000,000, probably about \$2,500,000,000, now; and the remarkable thing is, which I hope your gentlemen of Congress will take into consideration in trying to work out a solution of the high cost of living, that J. P. Morgan & Co. have control over charges for credit. They do an interstate and international business, and it is pretty expensive for the American people.

We cite these things, gentlemen, because we tell you frankly that we do not believe a single thing you can do locally will affect the cost of living except as to rents. There you have a solution entirely in your own hands; but nothing else you can do will materially affect the high cost of living in the District or throughout the country unless substantially this program is adopted. Private ownership of the merchant marine on a prewar basis added about \$100,000,000 to the cost of living. You have before you one measure, the Kenyon-Anderson bill to control the packers who control the food supplies of the country. I can not estimate what the saving will be if you enact that Kenyon-Anderson bill into law, but we know the minimum saving to the people of this country will be \$200,000,000 a year, and we would feel fairly safe in putting it at three or four hundred million. I would rather always underestimate than to overestimate.

Then there is another item, and that is the cost of advertising. We do not think of it. One of the most careful books on cooperation is that by Mr. Emerson P. Harris. He says that about \$1,000,000,000 is spent in this country annually on advertising. Do not expect the newspapers to report this—\$1,000,000,000 a year is spent on advertising. He says:

Nor is this all. To the billions of dollars spent in advertising is to be added the cost of other kinds of persuasive salesmanship.

Persuasive salesmanship, if I may construe it, means that seductive art by which you are induced to buy something that you do not want and your wife knows you ought not to get. He says that amount perhaps to as much as another billion dollars, or a total of \$2,000,000,000, around 10 per cent of all that is paid for articles bought at retail.

Of course you do not have direct control over advertising. Cooperation eliminates the necessity and the use for a lot of this advertising.

I have sometimes wondered why it is that the farmers did not. It would be just as sensible if the owners of the six-odd farms in America should start out and spend \$50 a piece advertising. Just think what it would mean to the owners of farms and to the metropolitan press: Each fellow says "My wheat better than the other man's," or "My oats," or whatever it might be. We have some indication of the uselessness and tremendous cost of advertising.

I suggest an outline of what in our judgment are some of the fundamental causes of the high cost of living; that is, the economic causes which operate throughout the Nation.

Let that Congress at once enact a revenue bill in compliance with the express demand of the farmers of the country and of all organized groups and that we do not let these profiteers get away with that \$100,000,000 which they made during the war. I do not mean we entered the war, but from 1915 up to the end of 1918, in two of those four years. There is no other way that we can see to face the tremendous inflation due to this vast indebtedness but to do just that.

The present revenue bill, I mean the one enacted by the past Congress, will raise \$4,000,000,000. That is my recollection—possibly \$500,000,000 over, but in round figures, \$4,000,000,000. There is no reason why it should not raise \$10,000,000,000. You may wonder that the treaty of peace requires that the Germans shall pay as high taxes as any country fighting them will have. Great Britain was ahead of us in taxation. They taxed their profits over and they taxed their incomes. If we had levied as high rates as Great Britain we would have raised \$4,500,000,000 more in the personal income tax than we did raise.

That is the first item, and that will help reduce the cost of living materially by reducing the inflation.

Second, we have got to have Government ownership of the railroads, of the merchant marine and of the natural resources and sell the products at cost, so that there is not a bunch of parasites between the producer and every consumer of coal, for instance.

Third, gentlemen, you have before you this Kenyon-Anderson bill. We must stress too strongly the importance of that measure being passed at once. We hope it will be done before the first of the year because we have this hope: We have had a good many Thanksgivings in America, but if you will pass the Kenyon-Anderson bill to the packers you will have the greatest Thanksgiving next November we have ever had in this country. I think you gentlemen are going to work on that.

The high cost of living is due to the fact that we have so many people getting something for nothing. The profoundest book of philosophy and economics ever written says that if any man will not work neither shall he eat. There are too many fellows whose sole occupation is eating and doing nothing.

Now for the Washington situation. Congress can, as soon as it gets through recessing, pass a law to remedy the housing situation here in Washington. You can put a tax on land values and remove the tax on improvements. That is not a novel proposition. Up in Pittsburgh and Scranton buildings are taxed only about three-fifths of the land values are taxed.

I hope you gentlemen will get a number of the prominent real estate men here and try to get some honest ones—there are some—and ask them to tell you what sort of profits they have been making. Frankly, I have lived in the most congested sections of New York for 11 years, but the housing conditions here last winter were the disgrace of the community. I know of places where there were war workers, ten or four or five in a room; and if you want detailed information I suggest that you get Prof. James Ford, who was in charge of housing for the United States Housing Corporation, who will tell you about that matter. In my estimation there is a shortage of at least five or six thousand houses, possibly 10,000, here in Washington, and rent is certainly a tremendous item. It takes a great deal more than the proper proportion of a person's income to pay the rent, including electricity or furniture. The rent for an apartment or for a small house ought not to take over 15 or, at the outside, 18 per cent, of a person's income. But here in Washington for inferior apartments it is taking really half, I think in many cases, or one-third to two-fifths. You ought to control the editors of two of the Washington newspapers who are great land speculators themselves. I will not mention any names. The land owners here in the District have been profiteering, and they have slaughtered people on account of the bad conditions as cruelly as the Germans did. Call our own war workers; ask them to tell you some of the tragic stories they have told me. That can be done at once. You can settle the housing problem in Washington between now and the time snow flies. The minute they know you are going to put a tax of 2 or 3 per cent or 4 per cent on the value of land, the minute you put that tax on of 3 or 4 per cent, you will see the papers flooded. You will not then see a nice little bungalow which is worth \$2,000 or \$3,000 selling for \$8,000 or \$12,000.

Senator DIAL. You mean they will sell the property?

Mr. MARSH. They will rent it.

A few years ago I studied the land situation in Washington and found that 7 small companies owned one-seventh of all the land in Washington, exclusive of the public parks and other public property. One-seventh of the privately owned land in Washington was owned by seven people. I do not want to give their names. I am not caring anything about the individuals; it is the system that I am after. Over in New York 13 families own one-twentieth of the value of all the land in New York.

As you know, when Mr. Smith was commissioner of corporations he pointed out that 16 people owned nearly 48,000,000 acres of land in the United States, including much of the best timber land, or one-fourth of the area of the land in the United States was owned by 16 individuals.

The industrial relations commission—and this comes right back to the food question—

Mr. MILLER. You have finished, then, your discussion of the local situation with respect to housing?

Mr. MARSH. I am going back to it in a minute. Did you have any question that you wished to ask?

Mr. MILLER. No; I wanted you to get to the food question if you were going to discuss it.

Mr. MARSH. I will try to.

to point this out. I do not think it can be emphasized too much. Miller. America and the world are to-day in danger of a shortage of food. People say they can not buy food at the prices at which it is sold. Heaven knows there are mighty few farmers that are making much money. Some of them are, but I have not seen a dollar from Wall Street or from any business circles of people coming out on the farms to make money. Have you heard of any, Mr. Capper? I do not think any of you have.

Mr. Capper. The war farmers were actually losing money, hundreds and thousands of them working for nothing. I will not say anything about the land question, but on the food question I will say this. When you get the channels for food supplies direct through from the producer to the consumer you are going to reduce the cost of food materially. Cooperation will help; and cooperation in this matter is going to be recognized. The cooperative producer is mulcted by the railroad, mulcted by the credit system, mulcted by the land system, and he is going to charge all those extortions to his pocket and make a fair profit in addition, or he will quit farming and get a Government job—and there are not enough to go around.

Mr. MILLER. Are you speaking generally now, or in respect to the District? Because we are particularly interested in the District. Mr. Capper. I ask you that is that we have had it called to our attention that there is a wide variety of prices here in Washington as compared to other cities in the country, to the disadvantage of Washington. The committee is trying to get something concrete in the way of suggestions from these preliminary hearings so that they can be made right here in the city of Washington.

Mr. MARSH. You can go into it up to your neck and over it, and it will not do any good. You will not get the real, fundamental results. That is what we have done all our lives—we have fooled the people. The results and the profiteers are too strong to permit us to get to the bottom. We are going to have trouble here, because both the Republican and the Democratic Parties are supported by the people. I do not know what parties you belong to. As I do not belong to either, I can speak with complete freedom. What are you going to do locally?

Mr. MILLER. You have suggested what we can do locally on the present situation.

Mr. MARSH. That is right up to you; but that is a different situation.

Mr. MILLER. You are dealing with the food question now?

Mr. MARSH. I will tell you what I think you can do and what I think you can not do, if I may.

Chairman BALL. That is what we want to hear on the food question.

Mr. Capper. It was testified a little while ago that some store on Wall Street was gouging a man to the extent of \$12 for a \$5 pair of shoes. What would you do in a case like that?

Mr. MARSH. I do not know. That man might come back and say, "I would let the big profiteers make money; why should not I get my share of it?"

I would go to that man and ask these people to put ads in the papers asking for the name of the dealer and the date and to have

the man produce the goods. Then I do not know whether you can reach him under the law or not. Maybe you can pass a law, but we have passed a great deal of legislation and it has not gotten us anywhere. I do not notice much less drunkenness in Washington since we went dry. You can not legislate against economic laws, gentlemen. Such exceptions I think would be rare. I would suggest this: The merchants of Washington know how to keep books, and many merchants and dealers—I am not going to make any invidious charges against any individuals. The ways of some of them are like the Lord's—past understanding. You could get an expert accountant to examine books.

You may remember what the expert accountants for the Federal Trade Commission said about the packers—nobody knows exactly what the profits are because they have such a devious way of keeping the books. But if you will get expert accountants—I think the gentlemen from the Trade Commission are here, and they have their expert accountants, and if you can get them to go over the books of these local merchants and traders and let you know just what profits they are making, you will find out what profits they are making. I am not a lawyer. Can you gentlemen tell me what you can do under the law?

Senator DIAL. We can send for them and get them here.

Mr. MARSH. Yes, but what can you do? Can you say to the manufacturer of shoes, "You can not charge over \$5?" Do you gentlemen remember that the packers have jumped the prices of hides as high as 100 per cent in five months?

On the local food situation there is a section of the Kenyon-Anderson bill which facilitates cooperative activity of local slaughter houses and local warehouses in the locality. To my mind that is the most practical thing. I would also like to refer to the bill which Senator Capper has introduced to encourage cooperative organization. It is on a par, in large measure, to my mind, with the Kenyon-Anderson bill. I think they make a very good running team, if I may so express it. You are going to have difficulty; you have got to recognize that. People have got to be willing to go a little distance. My wife told me she bought a basket of potatoes down at the market for 50 cents, and went up to Eighteenth and Columbia Road and there they wanted a great deal more.

I hope you will establish municipal markets; but, gentlemen, how the landlords will fleece you for the sites for those municipal markets! They are on the land ahead of you and it will increase the price which you have to charge to the clients of your municipal markets! 5 or 10 per cent to pay the profits the land speculators will make out of it before you can get started.

But you can investigate, and if you think it is possible to pass a law that no man can charge more than \$6 for a pair of shoes—

Senator DIAL. We will find the remedy when we get to it.

Mr. MARSH. If you find the remedy when you get to it, it will be the first remedy ever found.

If I can help you in any way, well and good. If you can reduce rents or the cost of food, it will be fine. Several persons have told me that when wages have been increased the landlord has taken everything away. Would you suggest the Government going into the business of selling shoes and clothes?

Senator DIAL. We have not discussed that yet. Personally, I

ask you another question. I am very much interested in myself. What is the reason more of us do not avail ourselves of money under the Federal Land Bank System?

Mr. MARSH. Of course the amount of loans that have been made is constantly increasing. I think one reason is this, that the Federal applies only to owners of land and it does not help those who need it. We have got to have a system of personal credit, private personal credit, similar to the Danish and German and other systems, so that a group of men can get credit even if they have no own property. Of course you know the limit of the loans that can be made. There is another point, that a lot of those who have loans on them running from 5 to 10 years and they have to pay off the old mortgage first.

Senator DIAL. I would like to see that extended and to see more avail themselves of it.

Mr. MARSH. I think it would be an admirable thing.

Senator DIAL. If there can be any practical amendment I would be glad to look into it. I am very much interested in it myself. Individual would not loan money without sufficient security,

now.

Mr. MARSH. If you can get a group of good men with a two or three name note, or a half a dozen name note, without property, with character, which is the basis of credit, anyhow, they may not but they will go to work and pay it off.

any other questions occur I would be glad to try to answer

if you will give us relief on this land situation, and by doing it possible to start independent stores and get this legislation that is very important. To-day, in Nebraska, the Nebraska union through its business agency does a business of \$10,000 a year, cooperatively. They sell a lot of their products.

Senator DIAL. I want to see more people go back on the farms.

Mr. MARSH. Unless they do, we are going to starve.

Chairman BALL. We will hear next from Mr. H. Jeffries, who represents the soldiers and sailors' organization. Then we will close the

STATEMENT OF MR. HUGH S. JEFFRIES.

Chairman BALL. You represent the Soldiers and Sailors' Association, do you not?

Mr. JEFFRIES. Yes. It is not confined to soldiers and sailors. It is primarily a soldiers' organization, but the membership includes persons who are interested in certain well defined purposes for which we are associated—citizens as well as soldiers.

Chairman BALL. Will you please state its purpose?

Mr. JEFFRIES. Well, the main purposes are the abolition of all forms of censorship, the complete restoration of the right of free speech, including the right to criticize the Government and Government officials, both civil and military; a reform of the court-martial system of the United States Army; the immediate review of all court-martial cases arising out of the Army administration of justice;

and a reform in the military system wherein the caste system eliminated.

Those are the principal purposes for which we are associated. stand, also, for the making of the Army a democratic institution. we are associated together for the purpose of securing through appropriate legislation and through educational means reforms which believe to be due to the American people, soldiers included.

Chairman BALL. How many people belong to your organization?

Mr. JEFFRIES. We have a little over 8,200 general members. Our plan of organization includes local chapters throughout the United States, and every day new memberships are coming in. It is in process of organization. Its inception was in St. Aignan casualty camp in France.

Chairman BALL. Have you any definite ideas along the line of investigation that is going on by this committee?

Mr. JEFFRIES. Well, I am not thoroughly informed as to the definite line of investigation which you are pursuing, but I have gathered from the testimony which I have heard here that there seems to be disposition on the part of friends here representing the different organizations who are all heading toward the same goal, to rather avoid and sidestep the proposition of resolving themselves into detectives to fasten the guilt upon Tony or Jack who sold a banana for too much money, or something like that, and to go into the general aspects of the case and the faults as they seem to find them in the general system. We will have that same tendency.

In our efforts to get some relief and reform in the administration of the military system we find that there is always a tendency to hand it to a sergeant or a private somewhere who has committed some breach of discipline and to let the fellow higher up get away. It seems that there is always that tendency, and it appears here. It appears that you folks are delegated by Congress to go hunting for some fellow around here that sold a pair of shoes and made \$200 out of them. Of course we have not gone looking for those individuals that made a little money, because we think it is a necessary part of any such system as we are maintaining as a whole.

Our idea is that you must find relief through honest competition. Personally I have had a little experience in the Reclamation Service a good many years ago. I was associated with men who drafted the original reclamation bill, and there was a provision in it which was of far-reaching importance. When we came to build the Roosevelt Dam down in Arizona they needed a greater quantity of cement than had ever been used on any other job. There were representatives of five big cement companies that appeared there to bid and their bids were too high. Newell and his board of engineers knew that those bids were too high and told these representatives so. They said "That is all right; that is the least we can furnish it to you for. Just go and buy it anywhere you can get it."

Of course they could not get it anywhere else, and they knew that. But what they did do was under authority granted them in the original bill, which was slipped over the politicians, as we engineers expressed it, "we put one over on them," allowing these engineers to use all or any part of that fund for any purpose connected with the construction of this irrigation work. So they just used a part of the money to build a cement factory and manufactured the cement. I

number rightly, they saved about \$600,000 on the cement that was to be used on that one project.

When they moved the machinery up into Idaho, but they could not get the material to make the cement. By that time the representatives of the Cement Manufacturers' Association came to Mr. Newell and his associates and said, "We want to sell you cement. We will manufacture cement cheaper than you can afford to build with to manufacture it." And Mr. Newell said, "I believe you are right. If you can just do that, we will go out of the cement manufacturing business and confine our efforts to building dams and other projects."

Every year since then there has been an investigation into the cost of production of cement at the mill. There has been a contract made into, and unless it has changed in the last two years that has been away a base price for cement to the Government has been set. Anybody who took a contract for any extensive work for the United States Government for which cement was to be used did not have to contract to furnish that cement, and so the cement manufacturers never got a chance to fix a price which might be all the money they could bear, and any of those contracts have fixed the base price of cement all over the United States.

It seems to us that in this matter of production nobody is hurt by the high production cost. The farmer, the manufacturer, and all of them are hurt in that the production cost does not hurt people. It is the high cost that hurts, and that is where the manipulation comes in. There is enough of competition in actual production so that it is not exploited to any considerable extent in materials which are

distributed. When it comes to the distribution, there are two means of competition with a manufacturer. One is a Government-owned institution of distribution.

Our experience with Government ownership has not been such as to make us highly enthusiastic about it, but I think that the soldiers who have come to the conclusion that if we must have a monopoly we would rather have it a Government monopoly than a privately owned monopoly. But between the two extremes of a Government-owned monopoly and a privately owned monopoly there is an opportunity for cooperation; and unless cooperative effort is fostered in every way by public institutions and through legislation, the people will be at the mercy of the great organized forces whose interests are adversely affected by the success of the cooperative effort of distribution, of bringing the producer and the consumer together.

Four years previous to my journey overseas I lived in the State of Wisconsin. I worked for the highway commission. I am a civil engineer, and I covered the entire State. I cleared some swamp land that Mr. Lane has become so enthusiastic about; but quite a little of it. I have been very successful with a grubbing bar and with powder and stump pullers. I have seen a demonstration with the biggest stump pullers in the world, which were supposed to clear up thousands of acres of land at a low cost. But the bigger the machine the more it costs per acre to clear the land; and the only fellow who has really solved the problem is the fellow

that has raised a family and worked overtime on it and did not count his labor as being worth anything.

These gentlemen spoke about potatoes. I raised potatoes in Wisconsin, and we sold them for 25 cents a bushel. I will tell you that they are harvesting potatoes for which they are getting \$3.50 a barrel, and the people in Washington are paying \$10 a barrel for them. There is a little bit of wide margin there, but that is the only one way in Wisconsin that we found for overcoming that. That was through competition, fair competition. I suppose that in the State of Wisconsin we have probably the best cooperative effort along those lines of any State in the Union. I just venture to say that and then let some people from some other State prove that that is not the case. If they have got a better system in some other State than they have in Wisconsin, they have got a very good system.

They established cooperative potato warehouses and storage warehouses. So they got the cooperative warehouses all along the line, not all cooperative, but enough cooperative so that we could determine, without going to the books kept by the other fellow, what it cost and what the depreciation was, and so forth and so on. We could get an absolutely accurate line on what the cost was.

The same way with the creameries. For several years they drove the little cooperative creameries out of business. I suppose the gentlemen all know how they did it. On the first few shipments the tests were awfully high and they got a big price, and they went around and cursed the local creamery for robbers, and all that, and the local creamery had to close. Then the tests went down, and those fellows who had cursed the local creamery did not say anything, they were stuck. They had finally learned their lesson. They have got the biggest cooperative creamery in the world in Barrett County, which is the county I live in. I would like to see that the Wisconsin Legislature has aided in every possible way. Through legislative measures they have helped those who desire to cooperate with legislation which removed restrictions, and it has helped them very much. They have put the force of the State university and all its branches behind these cooperative efforts.

I think that has been done to a considerable extent in many States. It is working itself out all over the country, and it is coming to a time, it seems to us, when Congress should take this matter up, not in a paternalistic way, not in the way of going into Government ownership, but to afford every possible encouragement to cooperative effort on this proposition of licensing the packers especially. We are very much in favor of that. If their interest and if their business is conducted on a narrow margin, and if they are efficient they will have no fear of regulation by this Government. They do not need to fear this Government any more than the distributors, any more than the producers, and the consumers. It is our Government; so we seem to see in this movement, as this gentleman here brought out, in this opposition to Federal licensing for packers, a very close connection between the editorial attitude of a great many big newspapers in this country and an advertisement about that big square [indicating] that appears in the same issue.

It appears to us that the newspaper writers in this country are our friends. We have a little something in our craw, as they say,

them. We have had it for many, many months, and it has been the most sincere desire of nearly every soldier to get this over to the American people. That was the proposition of the treatment of the soldiers in the A. E. F. especially, and we never, never could have gotten that over without the assistance of the news writer. The news writers got into the columns of these papers the testimony and the hearings that brought out the fact that there was something rotten.

So it appears to us that the same thing is being done now, and that after a time public sentiment will have been molded through an experience with the actual facts to the extent that it will be perfectly safe and good business for the editorial policy of the paper to take up the people's end of this distribution proposition.

At another time when this licensing of the packers is up I would like to know the time and place. I do not want to burden your record with it, but we do want to be heard on that, as to the cost of living right here in the District and the matter of detail as to whether profiteering exists.

I thank you, gentlemen, for the courtesy extended.

Chairman BALL. Ladies and gentlemen, this will close our hearing for the day. We will renew it to-morrow at 2 o'clock.

(Whereupon, at 4.20 o'clock p. m., the committee adjourned until to-morrow, July 31, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA

HEARING

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

S. RES. 150

**DIRECTING THE COMMITTEE ON THE DISTRICT OF COLUMBIA
TO MAKE INVESTIGATION OF PRICES, RENTS, AND RE-
LATED SUBJECTS IN THE DISTRICT OF COLUMBIA.**

PART 2

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HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

MONDAY, AUGUST 4, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE
ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator Arthur Capper, presiding.

Present: Senators Capper (acting chairman), Elkins, Sheppard, and Dial.

Present also: Mr. Thomas W. Miller.

Senator CAPPER. The subcommittee will come to order. Senator Ball, the chairman, was taken quite ill suddenly while at Old Point Comfort. He returned home and is still ill and unable to preside. I have been asked by telephone to call the committee to order, but it seems that there is really nothing for us to do because the witnesses with whom we expected to start to-day are unable to attend and have sent us word that they will be here Tuesday, Wednesday, and Thursday.

Mr. Shaw. I believe you have some word from your company in Chicago that you would like to give us.

**STATEMENT OF MR. C. B. SHAW, REPRESENTING SWIFT & CO.,
CHICAGO, ILL.**

Mr. SHAW. Mr. Chairman, I represent Swift & Co., from whom I have received the following telegram:

Please inform Senator Ball that we are anxious to give the committee complete and full information re every feature of our business in which they are interested. The preparation of comprehensive data will consume a few days, and we should like to appear next Thursday morning, August 7. Wire if this will be satisfactory.

LOUIS F. SWIFT.

We were requested to attend the meeting this afternoon, but did not get the notice until Friday. It is practically impossible for us to prepare the data necessary to present the facts in that length of time, and we have been compelled to request a postponement of our appearance until Thursday. If it is satisfactory to the committee, we will appear on that day.

Senator CAPPER. That will be satisfactory.

Mr. SHAW. I thank you very much.

Senator CAPPER. I will state to those present that there will be a hearing this afternoon owing to the fact that Senator Ball is ill and unable to be here and for the further reason that the witnesses we expected to be present this afternoon representing the packing industry find that they can not be here until to-morrow and the following days. We will, therefore, adjourn until 2 o'clock to-morrow afternoon, when the hearing will be resumed. The committee will now go into executive session.

(Thereupon, the committee went into executive session.)

After the consideration of executive business, the committee adjourned to meet at 2 o'clock p. m. to-morrow, Tuesday, August 19, 1919.

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

TUESDAY, AUGUST 5, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE,
ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The committee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial. Senator Sherman, chairman of the Committee on the District of Columbia, also appeared.

Present also: Mr. Thomas W. Miller.

Chairman BALL. The committee will please come to order. Mr. White you may proceed.

STATEMENT OF MR. F. EDSON WHITE, VICE PRESIDENT OF ARMOUR & CO.

Mr. WHITE. Mr. Chairman and Senators. I was very glad to receive an invitation from you to appear here. It was rather a short notice, and while I may not have with me the data that your investigation may require, we are prepared to furnish anything in that line. Armour & Co. welcome an examination of their books and their records by any authorized body, particularly in this situation. The high cost of living is as big a problem for the big business men to-day as it is for the small workmen, and it is a most serious one with us. I think our records will show that we are not profiteers in any sense of the word; that we employ no unfair methods of competition, and that we have no advantages in the businesses with which we are identified except the advantages which are created by hard work, efficiency, and natural development.

The Food Administration during its management of our business permitted us to earn a profit of 9 per cent on our capital in the meat food lines. An examination made by their auditors, who were selected from the Federal Trade Commission, showed that our earnings last year were 5.6 per cent on the capital employed in the business, or 1.6 on the dollar of turnover. I do not believe that anybody's mind could carry that to the place of suggesting profiteering in the business.

Frequently, when this statement is made, there comes back the suggestion, "Oh, but there are other things that you make your money on." True, there are other things; but Armour & Co.'s total

business in every line of endeavor that we are interested in showed a margin of profit of 1.7 on last year's business.

Senator SHEPPARD. Your first figure was on what?

Mr. WHITE. On the meat food business. But I have read in some of the criticisms that come back, "That is the meat business, but they rob the meat business for something else," or some such story as that.

The pertinent thing at the moment is the beef business, I take it. We hear a great deal about the cost of beef. I want to say that we have made no money on beef so far this fiscal year. In fact, our accounting shows a loss in our beef section, and when I say "our beef business," it takes into account the hides and the fat and the offals and all the products that come from the original purchase of an animal.

Senator SHEPPARD. You mean by the beef business the whole of the food business?

Mr. WHITE. I am talking about cattle. I am trying to keep to one subject if it is possible to do so.

Chairman BALL. The hides and fat are included in that?

Mr. WHITE. In that lack of profits; yes, sir.

Senator SHEPARD. Hogs and sheep are not included?

Mr. WHITE. No, sir.

Senator CAPPER. That does not include the food stuffs other than meat?

Mr. WHITE. Out of the live animal, the live bullock, it does, Senator.

We have had some discussion about the price of hides advancing. The price of hides has advanced, but the minute the hide advances we credit that against the cost of the bullock. If we pay \$125 for a bullock and hides are worth \$16, we credit the hides at that price against the cost of the bullock from there on. If they are worth \$23, we do likewise.

Senator SHEPPARD. To what stage of the shipment of an animal does that price refer? Where do you buy it?

Mr. WHITE. At the stockyards.

Senator SHEPPARD. Still alive?

Mr. WHITE. Yes, sir. I would like right there to give the committee the process in the stockyard. The large packers confine their purchases almost entirely to the general stockyards of the country. These cattle are fed by the farmers or the range men, and are then brought into the cattle yards and turned over to commission houses. The receipts in Chicago might run anywhere from 10,000 to 30,000 cattle in a day. When these cattle are offered on sale, which is shortly after 8 o'clock in the morning, our buyers ride out in various sections of the yards, pricing cattle. They do not know what the cattle are or what they will sell for. They bid on them. In a sense it is an auction price. It is open competition. Besides the buyers of the large packers there are probably 150 other buyers in the stockyards. Frequently word is passed around that the large packers control the situation there, and the statement has been made that we do 73 per cent of the business in animals in this country; but when they say 73 per cent that figure applies only to the number of animals slaughtered under Government inspection, which is but 60 per cent of the total slaughtered in the country.

other words, the large packer does 44 per cent of the meat-animal business of the United States.

These cattle, after they have been bid upon and the salesmen finally sell them, are weighed and then go into the hand of the buyer. The buyer then takes them into the packing houses. The cattle are not slaughtered the same day they are bought. The purpose is to rest them out. The next morning they enter the slaughter house and are killed. They then enter chilled rooms with a temperature varying from 40 to 34 degrees. They stay in there for 72 hours and then start toward their destination. I should say that our cattle on sale in this market are probably nine days from the live animal in the stockyards. When that animal arrives at destination the Chicago beef department has no more control over the price than you have.

Senator SHEPPARD. That is a full carcass?

Mr. WHITE. It is a full carcass of beef. It is sent in carload lots to these various branch houses of which we have in the neighborhood of 400 all over the United States. The man that has charge of that sale in this market is a branch-house' manager with 4 or 5 or 10 salesmen. When that carload of beef leaves Chicago this man is sent a memorandum, saying "Car so-and-so; beef cost so-and-so." This man is supposed to trade out on that cost as near as he can, but if he meets a bad market, a slow and sticky one, he does not meet that cost. If he meets a fast and snappy market, he might get a little margin on that cost. But on Saturday night of every week this market must be cleaned up, because there is a constant flow of beef from the stockyards to the distributing market. It is touch and go with the beef business all the time.

When the beef reaches this market here these salesmen cut it up and it is offered for sale. One man may come in and want the fore quarters and another man the hind quarters and still another man the loins, etc. Then it goes into the hands of the butcher, who distributes it to the householder.

Senator SHEPPARD. No intermediate butcher purchases from your house?

Mr. WHITE. No, sir.

Senator DIAL. You said this market must be cleaned out every Saturday night.

Mr. WHITE. All the distributing markets must be cleaned out on Saturday night.

There has been a gradual increase in the price of live cattle since 1914. The cost of cattle during that year was \$7.48 per hundred pounds live weight, and this year it has averaged to date \$12.66.

Senator CAPPER. What is it at this time?

Mr. WHITE. Our average cost last week would be within a few points of that neighborhood.

Senator SHEPPARD. If an organization of householders should want to buy in wholesale quantities, they could do it from your branch houses, could they not?

Mr. WHITE. We refuse to sell to no one, but, naturally, with the retail trade depending upon us for their supplies we depend upon them for our customers.

Senator SHEPPARD. I am referring to cooperation.

MR. WHITE. There would be no objection to it. We would sell anyone who wants to buy in wholesale quantities, but if some wanted to buy a three-rib roast, we would not feel that it would fair to our clientele to make such a sale.

Senator DIAL. You said the market must be cleaned out. plain to us how it is cleaned out. Do you reduce the price?

MR. WHITE. Yes; it is a question of selling and to find a buyer. The range of prices in this market over a period of one week would vary from the highest point on a quarter of beef to the lowest point a matter of from 8 to 10 cents a pound.

Chairman BALL. What are the prices here?

MR. WHITE. The average price of beef here for last week was about 20½ cents a pound, carcass beef, and that includes two hind and fore quarters.

Senator CAPPER. There is a difference between the hind and fore quarter?

MR. WHITE. There is in value. The fore quarter normally on the market sells from 1 to 2 cents per pound below the hind quarter.

Senator CAPPER. You make a difference to the retailer?

MR. WHITE. Yes, sir. The fore quarter does not cut to the advantage that the hind quarter does and has not the high-price meat in that the butcher would get out of it.

Chairman BALL. What difference do you make usually between front and the hind quarters?

MR. WHITE. An average of about a cent and a half.

Senator SHEPPARD. Per pound?

MR. WHITE. Yes, sir.

Chairman BALL. What is the average waste in meat in cutting?

MR. WHITE. Do you mean in the retail shop?

Chairman BALL. I mean the entire loss. What we want to know is the difference, the actual loss, to the retailer.

MR. WHITE. I guess you will have to have a retailer answer that question.

Chairman BALL. You could not give us any idea?

MR. WHITE. No, sir. I can give you our own shrinkage. A bullock from the time it leaves Chicago until we get the account sales for will show an average shrinkage of a little over 1 per cent of weight—just an actual evaporation more than anything else. I am sure that there is some high-class retailer here who carries his accounts in such shape that he can give you that information.

Senator DIAL. What is the character of the beef shipped here? is it any different from that shipped to Baltimore?

MR. WHITE. It is a good deal better quality of beef than that shipped to Baltimore. It is a little better than the average quality of beef shipped to the eastern cities. We have a clientele that wants that class of beef—the nice, little, corn-fed steers. They do not want the grass-fed cattle.

Senator DIAL. And that price was 20 cents last week?

MR. WHITE. Yes, sir.

Senator DIAL. That is high-class beef?

MR. WHITE. Yes, sir; high-class beef in quarters.

Senator CAPPER. There has not been the demand, has there, the last few months for that high-class beef that there formerly was?

MR. WHITE. There is not the general demand for that; but Washington is a city of transients, a city of restaurants, and a city of

hotels, and there is more demand for the steaks and chops than in the ordinary town. I would not say that that would ordinarily be the case in Washington—that is, during the prewar period.

Senator SHEPPARD. Do you know what the farmer got per pound for that same carcass last week?

Mr. WHITE. I could tell you.

Chairman BALL. I think you had also better get the average price last week for the city of Baltimore. He says that this is a higher-priced city.

Mr. WHITE. You will recall that your invitation came to Chicago on Saturday noon, and that there was a very brief time to gather any data that this committee might ask for, not having any particular information as to your trend of inquiry; but I prepared these figures, which will probably help out in the discussion that is now taking place. For the four weeks ending July 26, the cattle bought in Chicago by Armour & Co. cost an average of \$12.47 per hundred live weight.

Senator SHEPPARD. What would that be a pound?

Mr. WHITE. Well, it is 12.47 cents per pound.

Senator SHEPPARD. At Chicago?

Mr. WHITE. At Chicago. I had this data at hand, so I am taking Chicago as an illustration. That is the central market, and everything is guided by Chicago anyway.

Senator SHEPPARD. That includes commissions, freight, etc.

Mr. WHITE. Everything.

Senator SHEPPARD. Could you give us data showing what the farmer actually realized at the farm?

Mr. WHITE. Naturally, I would not be interested in the farmer's price. That would be beyond me.

Chairman BALL. We would have to go some place else for that. He takes it from the time they are landed on the hoof at Chicago and put up there for sale. That is all we can expect from you?

Mr. WHITE. That is all; yes, sir.

Chairman BALL. How much shrinkage or loss is there?

Mr. WHITE. The average yield on our dressed beef at this time of the year is about 57 per cent of meat. The balance is made up in wastage. There is about 6 per cent hide and about 3 per cent fat. That is 9 per cent, and the rest is made up in the head, the skull, and the feet, and the wastage of the entrails. Those cattle cost us per head \$125.95.

Senator SHEPPARD. And when you buy them you pay for all this stuff that is lost, do you?

Mr. WHITE. Yes, sir. Against that \$125.95 are the credits of by-products, such as fats, the intestines, and the hide, we credit it per head \$35.38. That is an increase in offal credit since March of \$13, or an increase of almost 50 per cent of the March credit.

I am giving you those points to show you that whatever happens in the by-product market—and I am doing this particularly because Senator Capper has discussed this with me—the minute hides go up we credit the price to the bullock.

Chairman BALL. It lessens the cost of the beef immediately to the retailer?

Mr. WHITE. Yes, sir; and he higher the hide values the more we can pay for cattle, or the less we can sell beef for. It operates two

ways. If we were not getting these big prices on hides and offa would be buying cattle at a great deal less cost, and our farmer cattle feeder would be suffering, because he has gone ahead on request of the United States Government and fed a lot of cattle prepared them for the market. Now, they are there, and he is cr about the price as much as the consumer is, only he cries about price being too low. In all this discussion we must not overlook producer and production; how it came to be there; why it is th and why the value is there. And that is one of the points of wh is there.

Senator SHEPPARD. Has the price of cattle to the farmer ; down in the last five or six months?

Mr. WHITE. The price at the moment is about an average of year's prices, but it is lower than the very high time. We ha very high time along in February and March, if my memory se me right, particularly on the choice food cattle. There was a light run of cattle at that time, and for a few weeks they sold high.

Senator SHEPPARD. Do you remember the figure?

Mr. WHITE. Prime fed cattle sold then as high as 19½ cents pound, alive.

Senator SHEPPARD. The figure now is a little over or a little un the figure of last year?

Mr. WHITE. It is about the same as that of last year, but price of beef is lower because the by-products values are so m higher.

Senator CAPPER. Who determines the price for hides? Where you get your price?

Mr. WHITE. The law of supply and demand determines the p There is the situation in the hide market to-day that is crea first, by the fact that Russia, which sells more hides than any of country, has been out of the hide business for four years; crea secondly, by the fact that the supplies of hides for South Ame have been held there because of lack of shipping facilities to them to this market. Within a period of 60 days there were a lion and a half hides bought in South America by North Ameri tanners waiting on wharves for shipment. The United States G ernment emptied this market of shoes, and we had created th an empty vat in the tan house, created a demand for new sh and new leather by these men coming back and by the condition the trade here.

Senator CAPPER. Do we understand that the other by-prod are credited against the cost of the bullock the same way that hides are?

Mr. WHITE. Yes, sir; all by-products are, and I will go a li further on that.

Senator SHEPPARD. Mr. Chairman, I presume we want these ta in the record.

Chairman BALL. Yes; we ought to have them copied in.

The tables referred to are copied into the record in full as f lows:)

(Insert digest of cattle killing from February 22 to July 1919.)

Continued on next page
 FEB. 22 TO MAR. 26, 1919.

Week ending—	Number killed.	Weights.		Live cost.	Dressed cost.	Expenses.			Offal credits.			Fat credits.			Hide credits.		
		Live.	Dressed.			Live weight.	Dressed weight.	Per head.	Live weight.	Dressed weight.	Per head.	Live weight.	Dressed weight.	Per head.	Live weight.	Dressed weight.	Per head.
Mar. 1.....	5,831	Pounds.	Pounds.	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.	\$5.80	Per 100 lbs.	Per 100 lbs.	\$4.38	Per 100 lbs.	Per 100 lbs.	\$5.81	Per 100 lbs.	Per 100 lbs.	\$11.58
Mar. 8.....	6,810	951	507	\$12.51	\$20.35	\$0.61	\$1.14	5.82	\$0.46	.86	4.39	.60	1.12	5.76	1.29	2.40	12.32
Mar. 15.....	6,015	934	513	13.48	21.89	.61	1.15	5.70	.47	.88	4.39	.69	1.11	5.49	1.29	2.40	11.94
Mar. 22.....	6,625	924	495	12.65	20.63	.61	1.14	5.76	.46	.86	4.35	.68	1.09	5.53	1.29	2.41	12.38
Mar. 29.....	5,208	945	509	13.04	21.15	.65	1.21	6.14	.38	.71	3.59	.64	1.19	6.05	1.30	2.41	12.28
Total.	30,489	946	507	13.05	21.18	.62	1.15	5.83	.45	.84	4.24	.60	1.13	5.71	1.28	2.38	12.08

MAR. 31 TO APR. 26, 1919.

Apr. 5.....	5,881	929	500	\$13.39	\$21.47	\$0.65	\$1.20	\$6.04	\$0.47	\$0.74	\$3.72	\$0.72	\$1.33	\$6.67	\$1.38	\$2.56	\$12.80
Apr. 12.....	5,501	952	518	13.46	21.21	.65	1.19	6.19	.38	.70	3.62	.76	1.39	7.19	1.45	2.65	13.77
Apr. 19.....	4,567	930	512	13.70	21.17	.65	1.18	6.27	.40	.73	3.72	.80	1.46	7.46	1.52	2.76	14.12
Apr. 26.....	5,886	889	485	13.67	21.20	.65	1.19	5.78	.40	.73	3.56	.83	1.52	7.39	1.53	2.81	13.63
Total.	21,835	925	503	13.55	21.24	.65	1.19	6.01	.40	.73	3.65	.77	1.42	7.16	1.46	2.69	13.54

APR. 28 TO MAY 31, 1919.

May 3.....	6,790	934	520	\$13.87	\$21.27	\$0.65	\$1.17	\$6.07	\$0.40	\$0.72	\$3.74	\$0.78	\$1.40	\$7.27	\$1.54	\$2.76	\$14.39
May 10.....	6,500	930	530	14.03	21.17	.65	1.17	6.20	.42	.76	4.00	.83	1.50	7.95	1.68	3.01	15.97
May 17.....	5,742	964	531	13.63	20.63	.65	1.18	6.27	.39	.71	3.76	.86	1.55	8.24	1.68	3.05	16.20
May 24.....	6,605	943	523	13.50	20.12	.65	1.17	6.13	.40	.72	3.77	.87	1.56	8.19	1.74	3.14	16.44
May 31.....	6,094	943	523	13.10	19.53	.78	1.40	7.35	.40	.72	3.77	.86	1.55	8.10	1.81	3.26	17.06
Total.	31,731	947	525	13.63	20.51	.67	1.22	6.39	.40	.72	3.81	.84	1.51	7.94	1.69	3.04	15.98

Analysis of cattle killing—Continued.

JUNE 2 TO JUNE 28, 1919.

Week ending—	Number killed.	Weights.		Live cost.	Dressed cost.	Expenses.			Offal credits.			Fat credits.			Hide credits.		
		Live.	Dressed.			Live weight.	Dressed weight.	Per head.	Live weight.	Dressed weight.	Per head.	Live weight.	Dressed weight.	Per head.	Live weight.	Dressed weight.	Per head.
		Pounds.															
June 7.....	7,539	962	538	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.	\$7.50	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.	Per 100 lbs.
June 14.....	6,951	984	548	\$12.19	\$17.25	\$0.78	\$1.39	\$7.50	\$0.71	\$3.85	\$0.23	\$0.96	\$1.71	\$0.23	\$1.98	\$3.55	\$19.09
June 21.....	5,569	980	550	12.36	17.51	.78	1.40	7.68	.72	3.94	9.71	.99	1.77	9.71	2.03	3.64	19.94
June 28.....	7,670	982	562	12.56	17.64	.78	1.39	7.64	.71	3.92	9.86	1.01	1.79	9.86	2.05	3.65	20.09
				12.58	17.65	.78	1.39	7.66	.69	3.83	9.87	1.01	1.79	9.87	2.07	3.69	20.33
Total.	27,729	977	547	12.42	17.47	.78	1.39	7.62	.71	3.88	9.65	.99	1.77	9.65	2.03	3.63	19.86

JUNE 30 TO JULY 26, 1919.

July 5.....	7,081	1,001	553	\$12.32	\$17.54	\$0.78	\$1.41	\$7.81	\$0.39	\$2.91	\$0.50	\$0.95	\$1.72	\$0.50	\$2.09	\$3.78	\$20.90
July 12.....	6,847	978	535	13.25	19.08	.78	1.43	7.62	.40	3.91	9.22	.94	1.72	9.22	2.28	4.16	22.25
July 19.....	7,641	958	521	13.27	19.05	.78	1.43	7.47	.40	3.83	9.47	.78	1.43	9.47	2.53	4.65	24.23
July 26.....	9,635	979	532	12.70	18.08	.78	1.44	7.63	.40	3.92	7.75	.79	1.46	7.75	2.49	4.58	24.38
Total.	30,904	979	535	12.47	18.36	.78	1.43	7.63	.40	3.89	8.39	.86	1.57	8.39	2.36	4.32	23.10

RECAPITULATION.

Feb. 22 to	30,489	946	507	\$13.05	\$21.18	\$0.62	\$1.15	\$5.83	\$0.45	\$0.84	\$4.24	\$0.60	\$1.13	\$5.71	\$1.26	\$2.38	\$12.08
Mar. 29 to	21,835	925	503	13.55	21.24	.65	1.19	6.01	.40	.73	3.65	.77	1.42	7.16	1.46	2.69	13.54
Apr. 26 to	31,731	947	525	13.63	20.51	.67	1.22	6.39	.40	.72	3.81	.84	1.51	7.94	1.69	3.04	15.98
May 31 to	27,729	977	547	12.42	17.47	.78	1.39	7.62	.40	.71	3.88	.99	1.77	9.65	2.03	3.63	19.86
June 28 to	30,904	979	535	12.47	18.36	.78	1.43	7.63	.40	.73	3.89	.86	1.57	8.39	2.36	4.32	23.10
July 26 to	142,688	956	524	13.09	19.66	.70	1.28	6.72	.41	.75	3.91	.81	1.48	7.77	1.79	3.26	17.07
Total.																	

Report of cattle raising from Feb. 22 to July 26, 1918.

	Live cattle cost.				Expenses.		Offal credits.		Part credits.		Hide credits.		Total by product credits.		
	Per 100 pounds, live weight.	Per head.	Per cent.	Per 100 pounds, live weight.	Per head.	Per cent.	Per 100 pounds, dressed weight.	Per head.	Per cent.	Per 100 pounds, dressed weight.	Per head.	Per cent.	Per 100 pounds, dressed weight.	Per head.	Per cent.
Feb. 22 to Mar. 29.....	\$13.05	\$123.53	95.49	\$0.62	\$5.83	4.51	\$0.84	\$4.24	3.20	\$1.13	\$5.71	4.40	\$4.35	\$22.03	17.00
Mar. 31 to Apr. 26.....	13.55	125.29	95.42	.65	6.01	4.58	.73	3.65	2.80	1.42	7.17	5.44	4.84	24.36	18.55
Apr. 28 to May 31.....	12.63	120.12	95.29	.67	6.39	4.71	.72	3.83	2.82	1.51	7.03	5.85	5.27	27.72	20.46
June 2 to June 25.....	12.42	121.30	94.69	.78	7.62	5.21	.71	3.88	2.60	1.77	9.65	7.50	6.11	33.39	25.90
June 30 to July 26.....	12.47	125.95	94.29	.78	7.63	5.71	.73	3.89	2.90	1.57	8.40	6.30	6.62	35.38	26.50
Average.....	13.09	125.14	94.90	.70	6.72	5.10	.75	3.91	2.96	1.48	7.77	5.90	5.49	28.75	21.80

Beef cost.

	Per 100 pounds, dressed weight.	Per head.	Per cent.
1919			
Feb. 22 to Mar. 29.....	\$21.18	\$107.33	83.00
Mar. 31 to Apr. 26.....	21.24	106.94	81.45
Apr. 28 to May 31.....	20.51	107.79	79.54
June 2 to June 28.....	17.47	95.53	74.10
June 30 to July 26.....	18.36	98.20	73.80
Total.....	19.66	103.11	78.20

Spread between live cattle cost and beef cost.

	Live cost per 100 pounds.	Beef cost per 100 pounds.	Spread per 100 pounds.
1919			
Feb. 22 to Mar. 29.....	\$13.05	\$21.18	8.12
Mar. 31 to Apr. 26.....	13.55	21.24	7.69
Apr. 28 to May 31.....	13.63	20.51	6.88
June 2 to June 28.....	12.42	17.47	5.05
June 30 to July 26.....	12.47	18.36	5.89
Total.....	13.09	19.66	6.57

Mr. WHITE. Take a hide off to-day and maybe it is not sold for six months. How do you credit that? We credit that as near the market as we know the market. When we close our books at the end of the year any profit that the hide account might make is credited to the beef account; so when we figure on our beef account showing it is taken into account in over or less amount than these separate departments have shown in their records.

Senator CAPPER. There was a statement here in the newspapers the other day to the effect that there had been enormous profits made by the Central Leather Co., which, as I understand it, is owned principally by some of you Chicago people; and that encourages the public to think that the big profits are being made on the hides.

Mr. WHITE. Let me disabuse your mind, Senator. I do not think any Chicago packer has the slightest interest in the Central Leather Co.

Senator CAPPER. They are about the same stockholders, are they not?

Mr. WHITE. I do not think so. I think you will find quite the contrary to be the fact; and if you have information to that effect I would be very glad to have you find out from the Central Leather Co. who their stockholders are; but I will guarantee that there is no Chicago packer interested in the Central Leather Co.

The question of distribution comes up, whether it is efficient or not. We handle our business through these branch houses all over the country at a cost of about 4½ per cent, and I do not believe there is a business in the world that has the diversified line that is handled on as low a cost to the consumer.

Senator DIAL. You stated a while ago, but I did not catch it, perhaps, how small a quantity you would sell here in the city.

Mr. WHITE. We can not make a practice of selling to the householder, but we have an enormous business that comes in there every day and buys \$2 or \$3 or \$5 worth of beef and goes out and sells it and comes back and buys some more.

Senator DIAL. Anyone can come in and buy?

Mr. WHITE. They do, but we do not encourage that consumer business, because we are in the wholesale trade. We could not encourage it and then have our retailers come around and do business with us. There is a line of demarcation there.

I might add in connection with this cost of doing business that our labor costs have increased in four years 134 per cent in the packing houses.

Senator CAPPER. Has there been much of an increase in the last six months?

Mr. WHITE. There has been an increase in the last six months. We had a raise, I think, about four months ago of something like 10 per cent in the pay of the men. There is another demand for an increase in now.

Senator SHEPPARD. Have you your wage scale here?

Mr. WHITE. I have not; no, sir. What we call our ordinary labor gets 48.65 cents per hour at the present time as against 21 cents per hour in 1914. Then, we have skilled men, like knife men, that do that class of work, who get up to 75 cents per hour.

Senator CAPPER. Have you any difficulty in getting labor?

Mr. WHITE. We had no difficulty until the race riots in Chicago last week. Of course, since then there has been a little difficulty, because there is quite a considerable portion of our help that is colored, and at the moment none of them are working.

Senator CAPPER. Are there many packing men out of employment?

Mr. WHITE. No, sir. There has been a great increase in the last five or six years in the small packing houses throughout the country, so there has been employment for all men in that line of business.

Senator SHEPPARD. How about the increase in the production of cattle?

Mr. WHITE. There has been a marked increase, and particularly in the production of hogs.

Senator SHEPPARD. There was a decrease a number of years prior to last year, was there not?

Mr. WHITE. Yes, sir. We have a big supply of cattle in this country now. Unfortunately, the drought conditions last year in Texas and this year in Montana are augmenting against the condition of cattle in the market. There is not as many good beef cattle as the total supply would indicate.

Chairman BALL. What are the different prices in the different grades of cattle? If that comes later in your discussion we will wait until you reach it.

Senator SHEPPARD. Have you a list of the by-products that you make now, Mr. White?

Mr. WHITE. No, sir; I have no list of the by-products. By-products is a pretty general term. In killing beef animals anything except the meat itself is termed a by-product. We start out with the biggest value, which would be the hide. The next thing would be the

fat. The next thing would be the casings, the intestines, which are cleansed and used for sausage casings. Then comes the tongue, the heart, and the liver, and then the bones, the shin bones, and the skulls. They are all cooked up for glue. Shin bones are cut up for knife handles and things of that character.

Senator SHEPPARD. What is the heart—an article of food?

Mr. WHITE. The heart makes excellent sausage meat.

Senator SHEPPARD. What is the age of an animal when it reaches the stockyards?

Mr. WHITE. Three to four years now; largely three years, with a great many yearling cattle. That is a pretty general statement, but going back into the history of the cattle business, up to 10 years ago cattle were marketed at about 4 years of age. Then we commenced to run down on cattle supplies, and the price pulled on the younger animals, and we got to marketing 3-year-old cattle, and largely the marketing to-day is from 2 to 3-year-old cattle with a large sprinkling of yearlings. Baby beef has become the idea of a great many connoisseurs in the meat trade, and a large number of cattlemen undertake and finish cattle in 12 to 14 months and put them on the market. Those are animals that are force fed, like chickens. It is a costly piece of meat, but a very prime piece of meat.

CHAIRMAN BALL. There does not very much of that come to Washington?

Mr. WHITE. There is a percentage of it.

Senator SHEPPARD. Ordinarily, how long can meat be preserved in edible shape?

Mr. WHITE. With a steady temperature it would not be a difficult task to keep meat from 30 to 40 days and have it as palatable as anything, but there are conditions that work against that by the fact that people who try to keep meat for any lengthy period have varying temperatures, and every time the temperature is changed on the meat it acts on its condition.

Senator SHEPPARD. It took you longer than that to get your carcass from Chicago to the front in France, did it not?

Mr. WHITE. Yes; but they were frozen. We do not ship any frozen meat to local markets.

Senator SHEPPARD. I mean by your best method, how long does it take?

Mr. WHITE. We do not call that our best method. Prior to the war our business was all in chilled meat, meat that was in a temperature not lower than 32 or 40 degrees, but you could not carry that meat without refrigeration. So, for the overseas business, we froze our meat solid in a temperature of zero, and when it came out it was as hard as a stone. That meat was carried from here to France in that condition, and in leaving the seaboard and going up to the front lines there wasn't any more than time to thaw it out, so it was in excellent condition.

Senator SHEPPARD. Could it be preserved indefinitely?

Mr. WHITE. It could be. We do not aim to carry any meat in our freezers beyond 12 months. Our freezers and cold storage are the equalizers in our business. In the fall of the year from now on we will have receipts of cattle greater than the consumption, and the

packer is always taking care of the live market. Every day in the year we take care of the live market. No farmer ever shipped cattle to Chicago and shipped them home again.

Senator SHEPPARD. That is, you furnish a continuous market?

Mr. WHITE. We furnish a continuous market at Chicago every day. When we get into periods like we are bound to have this fall, we will have to accumulate certain cuts of those cattle that we believe will sell at a later time, and we put them in a freezer. They will come out next spring, when, probably, there is not enough corn-fed cattle to go around. So from March on to, say, the middle of July there will be a place where we can fill out that surplus that is created this fall in the market, and it equalizes the condition.

Senator SHEPPARD. Does not that enable you, in a measure, to control the price?

Mr. WHITE. No; it does not, because we never go to the freezer with anything we can sell.

Senator CAPPER. How about eggs? Does your company control a large part of the egg supply; that is, the cold-storage supply?

Mr. WHITE. I think, Senator, the figures would show that we probably handle a very small percentage of the total supply. We buy eggs in the flux of the egg season. More eggs come to market in April and May than there is a market for. The April eggs are the choice eggs of the year. They have not had any heat or cold, and they are the best eggs to put into cold storage for the winter months. If it were not for the cold storage of eggs in the spring we would not have eggs in January and February when the storms come and chickens molt and no fresh eggs come to market. The total business done by Armour & Co. in eggs is only about 3 per cent of the egg business of the country.

Senator CAPPER. While we are on eggs, I want to inquire what the spread is between the price at which you buy in April, for instance, and the price that you will probably get when there is a shortage in the market?

Mr. WHITE. Oh, it might be from 2 to 3 cents per dozen.

Senator CAPPER. That is, you sell to the retailer at only about 2 or 3 cents per dozen above what you pay?

Mr. WHITE. Well, that would be the average. There might be a time in the market when it would run up to 8 or 10 cents, but it would not last long and would not mean much. We get less than a dollar a case margin from carrying eggs into February, and then there is the freight to come out of that. There are 30 dozen eggs in a case, so that is about 3 cents per dozen.

Senator CAPPER. As a rule, the retailer gets in the winter two or three times what eggs sell for in the spring, does he not? We hear many complaints about that. A popular feeling is that eggs are put into cold storage, and there is practically a corner on the egg market, so that when the winter season comes along the cold-storage man is able to get about whatever he wants to ask for his eggs.

Mr. WHITE. I have never found that the case in the egg business. I have generally found that there was a good deal of competition, and it was largely a question of being able to get out on a storage and a carrying charge. We have a line of customers that we try

to take care of the year around in the line of business we are in, and our egg business five years out of six is kind of an accommodation business more than a profit business. It is a means to an end in retaining the customer and having a supply of the product when the customer wants it.

Senator SHEPPARD. What is your capital?

Mr. WHITE. \$100,000,000 common, \$3,725,000 preferred, \$69,300,000 surplus; total, \$173,000,000. We made last year in all lines of business that we are interested in 9 per cent on our capital and surplus. Our surplus is the profit we have made out of the business. It has never been divided into dividends, but has gone back into the business.

Senator SHAPPARD. It does not accumulate?

Mr. WHITE. It accumulates in the business.

Senator SHEPPARD. What is it now?

Mr. WHITE. About \$75,000,000 at this time.

Senator CAPPER. How many articles or different lines of food-stuffs does your company handle?

Mr. WHITE. I can not answer in figures. I will have to go down this list and call them off to you. We handle meats and meat products, tinned milk, canned vegetables, canned and dried fish, sour-kraut, lard substitutes (that would mean cottonseed-oil products), gut strings (that means musical strings). There has been a criticism about our being in the banjo string business. We used to throw them away and Germany used to supply this market with all musical strings that were used in this country. We found a method of processing the intestines of these animals and making musical strings out of them. Butterine; we called that a meat-food product. We handle canned and dried fruits, butter, eggs, cheese, poultry, ammonia, curled hair, glue, sandpaper, and soaps.

Senator CAPPER. Have you any other grocery lines than you have stated there?

Mr. WHITE. I meant to give you the list just as I went down it here, which is the list of the things handled in the branch houses. If I omitted anything it was not because I intended to.

Senator CAPPER. It is claimed that the packers are going into the grocery business very generally.

Mr. WHITE. Well, there is a situation created there about the grocery business that I would just like to tell you of. During the period of the war, between Food Administration, which represented the allied buying power in this country, and the Army and Navy, about 40 per cent of our total production of meat animals and the product therefrom was taken for overseas business. We had a big organization throughout this country, a matter of 400 branch houses, and those branch houses found themselves many days with a very light supply of the ordinary products to sell, and our branch managers, who ran their places on the basis of merchants, gradually looked around for something to keep their force together and keep their trade together, and the requirement of the consuming trade was things other than meat, so as a natural development, we started buying a little of this and a little of that and gradually we went along until we had quite a comfortable business in certain

lines of the grocery business. We have no advantage over the wholesale grocer except that we have a little better distributing system than he has. He can buy as cheaply as we can. He knows the market probably better than we do. We have had to learn that in the last two or three years.

Senator Ball asked for the present price of beef compared with the price of last year. I can not give you the range, but here are the weekly average prices in the Chicago market for last week as published in the Chicago Tribune on Saturday, August 2:

Weekly average prices for live stock at Chicago.

	Cattle.	Hogs.	Sheep.	Lambs.
Last week.....	\$16.25	\$21.95	\$10.00	\$16.45
Previous week.....	¹ 16.50	¹ 22.20	11.00	17.45
Corresponding week:				
1918.....	16.30	18.80	13.40	17.45
1917.....	12.10	15.70	9.75	14.85
1916.....	9.20	9.55	7.50	10.80
1915.....	9.25	6.85	6.70	9.05
Average, 1911-1918.....	9.85	10.40	6.85	10.15

¹ Highest on record.

Mr. WHITE. The suggestion of control of the meat market is probably evidenced by what happened to-day. I had a telegram since arriving in Washington giving the selling price in the larger eastern markets yesterday, and they show a loss on our beef sales in New York, Boston, and Philadelphia of an average of about a cent and a half a pound. I think it is obvious if we had any control over it we would not be selling beef at a distinct loss of about \$7.50 a bullock.

Senator SHEPPARD. Can you give us the prices of your branch houses in Baltimore and other eastern cities last week?

Mr. WHITE. I shall be glad to submit that information to you.

Senator SHEPPARD. Give us the prices in cities throughout the country for the same period that you have given us information pertaining to Washington.

Mr. WHITE. All right.

Chairman BALL. You say the character of the meat coming to Washington is a trifle better?

Mr. WHITE. A trifle better. The difference in our case would be the average of about a cent and a half a pound between this market, and, we will say, the Baltimore market, which gets rather an ordinary run of beef.

Chairman BALL. In comparing the retail prices in Washington and those in other cities we ought to have the wholesale costs in each city.

Mr. WHITE. Yes. I should say, without knowing a thing about it, that it would be just slightly higher here than in Baltimore.

Chairman BALL. Well, if you will give us the exact figures we shall appreciate it.

Mr. WHITE. Yes; I submit that just as a matter of general information.

(The figures to which reference is made, are as follows:)

Average weekly beef selling prices.

WASHINGTON, D. C.

Date of shipment.	Average.	Date of shipment.	Average.
1919.		1919.	
Week ending:		Week ending:	
Apr. 5.....	\$22.82	June 7.....	\$20.60
12.....	24.11	12.....	17.19
19.....	23.88	19.....	17.39
26.....	23.18	26.....	17.97
May 3.....	22.36	July 5.....	20.72
10.....	24.09	12.....	19.60
17.....	23.10	19.....	20.07
24.....	22.10	26.....	21.18
31.....	20.29		

PHILADELPHIA.

Date of shipment.	Average.	Date of shipment.	Average.
1919.		1919.	
Week ending:		Week ending:	
Apr. 5.....	\$21.41	June 7.....	\$17.90
12.....	22.43	14.....	16.76
19.....	21.54	21.....	16.66
26.....	21.12	28.....	17.80
May 3.....	21.43	July 5.....	18.52
10.....	21.83	12.....	18.29
17.....	21.72	19.....	19.65
25.....	21.02	26.....	18.75
31.....	20.01		

NEW YORK, N. Y.

Date of shipment.	Average.	Date of shipment.	Average.
1919.		1919.	
Week ending:		Week ending—Continued.	
Apr. 5.....	\$22.14	June 7.....	\$17.69
12.....	21.21	14.....	16.50
19.....	20.86	21.....	16.20
26.....	20.77	28.....	16.94
May 3.....	21.30	July 5.....	18.42
10.....	21.42	12.....	19.33
17.....	21.18	19.....	19.99
24.....	20.72	26.....	19.17
31.....	19.36		

BOSTON, MASS.

Date of shipment.	Average.	Date of shipment.	Average.
1919.		1919.	
Week ending:		Week ending—Continued.	
Apr. 5.....	\$21.82	June 7.....	\$18.51
12.....	21.39	14.....	17.56
19.....	21.26	21.....	16.96
26.....	21.72	28.....	16.78
May 3.....	22.41	July 5.....	17.40
10.....	22.94	12.....	19.11
17.....	22.55	19.....	20.91
24.....	20.93	26.....	21.36
31.....	18.37		

BALTIMORE, MD.

Date of shipment.	Average.	Date of shipment.	Average.
1919.		1919.	
Week ending:		Week ending:	
Apr. 5.....	\$21.92	June 7.....	\$17.17
12.....	23.16	14.....	17.17
19.....	22.56	21.....	17.17
26.....	21.32	28.....	17.17
May 3.....	21.81	July 5.....	17.17
10.....	20.98	12.....	17.17
17.....	21.55	19.....	17.17
24.....	20.25	26.....	17.17
31.....	19.40		

1 High.

2 Low.

MR. CAPPER. Speaking of your branch houses, there is a house in Washington I believe called the Wilson & Rogers Co., which is usually called an Armour house.

MR. WHITE. No, sir; we have not any connection with Wilson & Rogers.

MR. CAPPER. I think I have had half a dozen leading grocers who were an Armour Co.

MR. WHITE. No, sir; we have no connection whatever with Wilson & Rogers; none whatever. To clear up your mind on that point, we have a house here owned by Armour & Co. known as the Hotel Supply Co.

MR. CAPPER. That may be it. Possibly Wilson & Rogers is connected with Swift & Co.

MR. WHITE. I do not know whose company it is.

MR. CAPPER. Why is such a thing necessary?

MR. WHITE. The reason is that the hotel supply business is a distinct business from the branch house market business as done here in Center Market. The hotel requires an entirely different service, different kinds of cuts, and deliveries at all times of the day and night, and if we added that supply department to this local business it would increase our cost of doing business through that branch because of the detail that comes with that business. The hotel supply business carried on in Washington is almost next door to the retail business, because we go into the smaller units of delivery, etc.

MR. SHEPPARD. The hotels buy in wholesale lots, in other words.

MR. WHITE. Yes, sir; largely they do.

MR. SHEPPARD. What about the other animals besides cattle?

MR. WHITE. Well, in the hog business we buy hogs and kill them. It is a long process of chilling and curing and cutting, etc. There is an enormous demand for pork products from overseas business and there has been a pretty big home market for hogs.

MR. SHEPPARD. Do you have your branch houses abroad, too, or is it in this country?

MR. WHITE. Yes, sir, we have branch houses at Antwerp, Rotterdam, Copenhagen, London, Paris, Liverpool, and Glasgow.

MR. BALL. You deal in poultry too, do you not?

MR. WHITE. Yes, sir; we do.

MR. SHEPPARD. You handle hogs and sheep principally on the coast, is that what you handle cattle?

MR. WHITE. Yes, sir.

MR. SHEPPARD. How about chickens?

MR. WHITE. The poultry is bought largely at accumulating stations in the poultry districts, for instance, in Iowa and Missouri. The poultry is brought from farmers who ship it in there, and that is that is fattened and ready for market is prepared immediately, and put into chilled rooms, and then shipped into the storage rooms in the central markets. That part that is not ready to be used we feed and fatten and get ready for the market.

MR. BALL. What are you getting for poultry that you ship to Washington?

MR. WHITE. If you will ask that question of the next witness, he will be able to answer it.

Senator SHEPPARD. You have another witness?

Mr. WHITE. I hope, to clear up some of the points you have me about the local situation, to give you an opportunity to discuss with your local manager, who has those figures at his fingers' ends.

Senator SHEPPARD. Have you figures for what hogs and sheep for here at branch houses?

Mr. WHITE. We do not sell any dressed hogs. Hogs are all cut. The pork cut which is familiar to you at home is the pork chop that is shipped in the form of a loin from the packing house to market. Our manager will be able to give you the average selling price of those cuts, any cuts that you want.

Senator SHEPPARD. How is your milk purchased?

Mr. WHITE. We go into the producing sections and buy the milk from the farmers and can it at the factory.

Senator SHEPPARD. Can it in Chicago?

Mr. WHITE. No, sir; in the producing section. We have a plant at Tempe, Ariz., where we get milk from the Salt River Valley. We have a plant at Stoughton, Wis., and one at Bloomer, Wis.

Senator SHEPPARD. Do you have any dairies?

Mr. WHITE. No, sir; we do not have any dairies.

Chairman BALL. Do you handle cheese?

Mr. WHITE. We deal in cheese quite largely. We buy it in the sections where it is produced and distribute it much the same as we distribute meat—ship it out to these branch houses and the country. In that way cheese has the benefit of an even temperature—cold storage—and it reaches the market in the very best condition.

Senator SHEPPARD. Do you finance retailers in any way?

Mr. WHITE. Not in the slightest way.

Senator SHEPPARD. You finance producers to some extent, do you not?

Mr. WHITE. No, sir; only to this extent, Senator Sheppard: Armour personally has some interest in cattle-loan companies, finance cattle raisers. He has an interest in some banks that do a cattle-loan business, in the sense of a stockholder. He has no direct representation in the company or in the business. Mr. Armour has been interested for a great many years in the cattle-loan companies in order to assist in the development in the West and in the Southwest.

Senator SHEPPARD. We have heard a great deal lately about so-called packer banks. Is there any such an institution?

Mr. WHITE. I happen to be the director, or one of the directors, of the National Bank of the Republic, in Chicago. There is no packer connection with that bank with reference to the company I represent than there is in a bank down on the street. I happen to be also a director of another bank in Chicago. I want you to know that it is clear that it is a packer bank only in the sense that the owners of it are largely men around stockyards and packing houses; and for that reason, I presume, that I was asked to get on that board by the president of the bank is because of my knowledge of the cattle business. But there is no domination by packers in the slightest way.

Senator SHEPPARD. Is there any attempt in any way on the part of packers and commission houses to force producers to whom you have given credit to sell out in any time in order to affect prices?

Mr. WHITE. That would be so far from a practical thing to do that I can not imagine a man's mind running in that direction. You referred to commission houses. I want you to know that the packers have no interest in the commission business of any character, no interest in the live stock exchange of any character. We have been told, and rumors have gone around here, that the packers control exchanges and stock yards. We own an interest in stock yards, and I will take you to your own State and tell you the story about the stock-yard business.

About 12 years ago there was a little stock yard down at Fort Worth that did not amount to anything. It was owned by a man named Niles, and he had had it for several years—

Senator SHEPPARD. That was at North Fort Worth?

Mr. WHITE. Yes, sir; North Fort Worth. Mr. Niles came to Chicago and called to see Mr. Armour and said, "Here is the great State of Texas, with all its cattle and with all its natural resources for development, but we have no stock yards, and have to ship our cattle 500 or a thousand miles to the market. They drift and get bruised and lame and every other thing. Why don't you come down and take this stock yard over?" Mr. Armour thought it was a good suggestion, and, together with Mr. Swift, he bought this stock yard from Mr. Niles. He put \$2,000,000 in a packing house and started to make a market for the cattlemen of Texas, with the result that now, in one day there will be more cattle sold there than in one month during the time that Mr. Niles had it.

We have been credited with having a dominating influence on the stock yards. They have no more to do with it than you have. We provide a place for the men to market their stuff, and they come there because they get treated well and because it is a good market. Without the packer interest in the stock yard, there would not be any development there. An investor would not invest in a stock yard just to earn 6 or 8 or 10 per cent on his money, or whatever it might be. His only interest would be in his interest account. But the packer must run the stock yard in order to keep the packing house alive and keep it going.

Senator SHEPPARD. What is the radius of your delivery facilities from Fort Worth?

Mr. WHITE. We ship from Fort Worth to Boston.

Senator DIAL. I understand that by establishing that packing house you encourage people to raise cattle?

Mr. WHITE. Yes, sir; we do. We provide for them a market. They do not spend a week or ten days getting to market. In the old days they used to come into Omaha, trainloads of cattle from the West. The man would stop off and sell one car or 20 steers. To-day, with that packing house there and the big stock yards there that the packers own, the man has a market for his whole trainload.

Senator DIAL. You have one or two in Alabama and Georgia, have you not?

Mr. WHITE. We just bought a packinghouse in Georgia, a small packinghouse at a small town called Tifton. We have one at Jacksonville, Fla. We went down there to help develop the country. The land owners came after us and said, "If you will only put a packing-house down here, with all these natural resources, we will give you

all the cattle and hogs you want." Five months in the year there are no cattle and hogs, but we are pioneers, and we think they will be there, and after they are developed, we will have a 52 week market down there in the year, but we have not got it now.

Senator SHEPPARD. Have you a list of the places where you have packinghouses?

Mr. WHITE. We have packinghouses at the following places: Chicago, Kansas City, St. Louis, Fort Worth, St. Joseph, Omaha, Denver, Spokane, Tifton (Ga.), and Jacksonville (Fla.). We are just completing an enormous plant at St. Paul, Minn., which will be one of the largest plants in the country. The cattle men of the Northwest invited us up there. They were after us for five years to come up and locate a plant. We have been two years in building it. On account of the war it has been held up, but we hope to start in business up there the 1st of October.

Senator SHEPPARD. Do you have any packing plants outside of this country?

Mr. WHITE. We have a packinghouse at Buenos Aires, in Argentina. We are building one at Sao Paulo, Brazil.

Senator CAPPER. The Government owns about \$125,000,000 worth of surplus foodstuffs. How much of a factor is that in the present market prices, the local prices?

Mr. WHITE. I do not know, Senator, just how that is divided, but I have been told that more than half of it is tinned meat, which would be made up, I should say, of 75 per cent corned beef and 25 per cent corned beef hash. Those articles are not staples. I do not think that you would want corned beef many days in the week out of a tin can on your table. I do not believe that is a very big factor in the meat situation.

As to the bacon, that was put up under special process of the Army. It is a very fine piece of meat, to start out with. It was given a special cure, and after the special cure it was required to be smoked eight days, which is four times as long as we smoke ordinary pieces of bacon. The result is that it is a very hard piece of meat, and I question whether it will be sought for by citizens of this country to any great extent. I do not believe they will consider it palatable.

Senator DIAL. Is it the intention to bring products here from South America?

Mr. WHITE. It depends entirely upon the conditions of the market whether or not the products will come here. At the present time the British Government has contracted for the maximum supply of animals out of the Argentine slaughterhouses for a period which will run into next year; so there will be none of it come here. There might be an incidental shipment of a few items, but no regular traffic from South America to this country is to be expected for a long time to come.

Senator DIAL. Will you be able to sell here at the same prices you sell your home products for?

Mr. WHITE. At an ordinary freight rate we could sell at a great deal less. Our beef that costs 20 cents here is costing about 12½ cents down there. It is impossible at the moment to get freight room this way.

Senator SHEPPARD. So far as the price of cotton is concerned, the Liverpool market is the controlling influence. As to wheat, it is the price abroad that determines it. Is there any particular market where the price of meat and meat products is controlled in the same way?

Mr. WHITE. The governing factor in the production market the world over is the Chicago market, on the board of trade.

Senator SHEPPARD. That is what I want to know.

Mr. WHITE. On certain kinds of meat——

Senator SHEPPARD. That is the determining world market?

Mr. WHITE. That is the recognized determining world market; yes, sir.

Senator SHEPPARD. Let me ask you one more question. In taking an interest in these facilities, do you have the idea in mind of helping the producer?

Mr. WHITE. That is the idea, going into a far-away-from-home investment in this business. That is what Texas and Spokane and Denver mean.

Senator SHEPPARD. As to banks as well as packing houses?

Mr. WHITE. Yes, sir. When we took over this Fort Worth stockyard it was necessary to have a bank there in order to do business. It was away out of town, 4 miles from the city; so the packers interested themselves in organizing a bank there to facilitate the handling of the business through that yard. I do not think anyone has ever questioned in Texas the packer influence in the bank. It is looked upon as a great convenience to the cattlemen down there.

Senator SHEPPARD. Cattlemen to whom you give credit?

Mr. WHITE. Yes, sir. There is a very large business done in cattle loans in Fort Worth through that bank.

Senator SHEPPARD. Then the interests of the cattle producer and the packers are in a large degree identical?

Mr. WHITE. You can not get away from that. We can not get away from the fact that no matter what we do about this business we come right up to the producer. He must be looked after. In all this agitation that is going on, the reflex action is going to be on the producer. The impression of an unlimited market for his product was created by the Food Administration, by the Government, and now he is up against the question of the cost of production. We must be careful that we do not agitate too much and too far or we will get a rebound on this thing. We can talk as long as we want to about these things. There is possibly some profiteering somewhere along the line in the meat business, but I submit again that the Federal Trade auditors had our figures giving a showing for last year and they did not give them to the public. Why didn't they? I do not know, but they could stop a lot of agitation about the packers being profiteers if they had shown the public that our earnings were 5.6 per cent. They must not agitate so much. They must give facts. Any facts or figures are to be had for the asking. They can be obtained by anyone who wants them. There is nothing about our business that we are ashamed of.

Senator SHEPPARD. What is your explanation of the fact that this movement to bring about Government control of the packing business originates through the cattlemen, and the fact that they are complaining about the packers?

Mr. WHITE. I do not take a great deal of stock in it. I think will always find in every line of business some man who is disgruntled with the conditions, and I think you will find some men who are disgruntled with conditions. You will find some men who are disgruntled with conditions.

Senator SHEPPARD. The Live Stock Association indorsed this by Senator Kendrick.

Mr. WHITE. Did they indorse the bill or Senator Kendrick?

Senator SHEPPARD. I understand they indorsed the bill.

Mr. WHITE. I think we will show that there are a great many live-stock associations that do not indorse the bill. There is not a thing in that bill that is going to help the situation. It is not going to help to bring down the cost of anything.

Senator SHEPPARD. When I say the Kendrick bill, I mean Kenyon bill, and the other bills.

Mr. WHITE. Yes; I know. All it is going to do is to add the cost of distribution to the public.

Senator SHEPPARD. It seems that it originated with the cattlemen and your testimony is bringing out the suggestion that your interests are not antagonistic but identical, and you make the statement that all your operations have had the object of helping the producer and the cattleman.

Mr. WHITE. Yes, sir.

Senator SHEPPARD. So I can not understand why they have started this movement against the packers.

Mr. WHITE. I do not believe, if you will go to the cattlemen of your State—and I will pin my faith on that—you will find a very large majority of them in favor of this bill. I do not believe, if you will take the majority of cattlemen in Senator Kendrick's State, that they will favor that bill. It is just a question of agitation; that is all. We can talk all we want to about profiteering in business. We can talk sentimentally, and all this talk is going to bring down, probably, a break in values temporarily, but the inevitable law of supply and demand is going to make the price on the product, no matter whether it comes from the meat packer, from the farmer, or from the factory.

(Later the following correspondence was received:)

UNITED STATES SENATE,
COMMITTEE ON REVOLUTIONARY CLAIMS,
August 11, 1919.

MY DEAR SENATOR BALL: Please have the inclosed letter to me from Vice President F. Edson White, Armour & Co., who testified before us recently, incorporated in the subcommittee's hearings, and oblige.

Yours, very truly,

MORRIS SHEPPARD.

Senator L. H. BALL,
Washington, D. C.

ARMOUR & Co.,
Chicago, Ill., August 9, 1919.

HON. MORRIS SHEPPARD,
United States Senate, Washington, D. C.

MY DEAR SENATOR SHEPPARD: You spoke the other day about the stock men backing the Kendrick bill. Here is a resolution passed at a meeting of the Nebraska Stock Growers' Association showing that they refused to indorse a resolution offered along that line.

We have reports at present that every live-stock exchange in the United States, numbering about 20, have passed resolutions condemning both the Kendrick and Kenyon bills. I remain,

Yours, very truly,

F. EDSON WHITE.

[Reprint from the Producer, vol. 1, No. 2, p. 21, July, 1919.]

THE NEBRASKA MEETING.

At Gordon, Nebr., on June 12 to 14, 1919, the Nebraska Stock Growers' Association held its annual convention. It was the most successful meeting ever held by that worthy organization. Many new members were secured, and everyone had a most enjoyable time. The citizens of Gordon were untiring in their efforts to entertain the visitors, and the town was crowded with stockmen during the three-day session.

Robert Graham, of Alliance, was reelected president, E. P. Myers vice president, and C. C. Jameson secretary-treasurer. The following executive committee was elected: F. M. Currie, Gard; A. J. Abbott, Hyannis; E. M. Banks, Alliance; Ruben Lisco, Lodgepole; J. H. Bachelor, Valentine; J. H. Krause, Long Lake; F. Carruthers, Whitman; A. R. Modisett, Rushville; E. M. Eldred, Orlando; William McLaughlin, Lund; P. Piper, Simeon; John Diemer, Hyannis; J. C. Carson, Irvine; W. F. Baringer, Omaha; J. S. Hull, Gordon; Daniel Adamson, Lake.

One of the important matters considered was the inspection of live stock at markets. It was recommended that the three State live-stock associations of Nebraska, Wyoming, and South Dakota establish uniform dues and assessments; that there be a complete reorganization of the inspection forces at markets wherever necessary to insure perfect protection; that the commission men should cooperate more thoroughly in this matter of inspection; and that no protection, through inspection, be given to nonmembers.

Action was taken requesting the United States Railroad Administration to modify certain provisions of freight rate authority No. 7817, viz, that the charge for cleaning and disinfecting cars be reduced to a basis of actual cost; that no service charge be assessed by the railroads at feeding stations; that the attendant rules be modified to comply with the provisions of the present Nebraska law; that the mixed-shipment rule be changed to accord with the Nebraska statute. The new minimum carload weight was approved as a step in the right direction.

A resolution indorsing the Kendrick bill was defeated by a close vote.

The association strongly urged that the railroads be turned back to their owners.

The usual support of the American National Live Stock Association and its market committee was sanctioned.

Senator SHEPARD. What caused the price of cattle on the hoof during the first five or six months—

Mr. WHITE. I would like to read a letter that I wrote to Senator Capper, if you will permit me to read it, Senator Capper.

Senator CAPPER. Certainly.

Mr. WHITE. In part I said:

There are two principal reasons for the decline of live cattle and wholesale meat prices:

First. The increase in the supply of dressed beef caused by the discontinuance of the outlets that were formerly provided by supplying the United States Government and the Allies.

Second. A decrease in domestic demand as an outgrowth of conservation propaganda.

The average selling price of dressed beef in the principal cities of the United States declined from June, 1918, to June, 1919, from 4 to 7 cents per pound.

The average cost price of live cattle declined from June, 1918, to June, 1919, a matter of 2 cents per pound.

During the year 1918, and running into March of 1919, the governmental demand was sufficient to take from 15 up to 40 per cent monthly of the total production. From March the demand immediately broke to 6 per cent in April and May, and thereafter ceased entirely.

There is your answer.

Senator SHEPPARD. Why did the retail price stay up?

Mr. WHITE. I have found that the retailer advances his price with an advancing market, and he holds it just as long as customers and competitors will let him hold it.

We have been spreading a propaganda to get people to go back to eating meat. We have been advertising in all the large cities of the country, "Conservation is over. Take away your meat cards. Forget them, and go to market and get some meat." We are advertising in that way to help the producer market the supply of meat he has on hand.

Senator CAPPER. Here is a statement that appeared in the Associated Press dispatches the other day:

Exports of meat and dairy products jump from \$77,959,555 in June, 1918, to \$175,344,993 in June, 1919. Total for the two fiscal years were \$697,835,794 and \$1,167,850,576, respectively.

How do you think it affected the market here?

Mr. WHITE. If it were not for the export market we would not have known what to do with the production of hogs in this country. There would not have been market enough to take care of them. It has been a helpful thing in the equalizing of the situation. We went uphill at an awfully fast rate on prices and on production costs. The Food Administration gave out to the farmers of this country that 100 pounds of hogs were equivalent to 13 bushels of corn. The corn price went up and the farmer commenced to figure on \$26 for his hogs and his corn got to \$2 a bushel. They did not care what it cost to produce their hogs; they kept on forcing feed into them and the Food Administration guaranteed them the price. You can not produce all this stuff and then stop and have it drop down to normal again. We have had a long period here, and we have had a lot of contributing causes to these high prices. One of the biggest contributing causes was the cost-plus 10 per cent plan of the War and Navy Departments. I am not criticizing that. They had a particular object to meet, and they must meet it. Cost meant nothing, in order to win the war; but when a man is taken out of a shop where he is getting \$20 a week and is offered \$35 a week, as he was up and down the Atlantic coast, just to do hand labor, he did not care what he paid for anything. He wanted the finest pair of shoes in the store. That is what he told them right here in Washington. If they were \$18, he liked them better than if they had been \$8. That is one of the causes that brings these prices up. The people had money and they did not care how they spent it.

Senator SHEPPARD. Have your prices come down as the price of cattle on the hoof has come down?

Mr. WHITE. They have come down more in proportion as the price of the cattle on the hoof has gone up.

Senator SHEPPARD. Yet the retail price stays up.

Senator CAPPER. Is there an ample supply of meat in the country?

Mr. WHITE. I think so. I think we will have plenty for all demands.

Chairman BALL. Is there a large supply of hogs, too?

Mr. WHITE. We are just at the point now where the supply is running down. Ordinarily, from June on we have fewer hogs on

the market than will provide for the fresh-meat trade, so that in June, July, August, and September there is a very small percentage that goes to cure. During these periods we are drawing on this big pack of hogs that are put away from November to June, and right now we are in the lower trend of receipts.

Senator DIAL. You mean there is an ample hog population?

Mr. WHITE. The hog population is ample. We will have all the hogs that we want to kill this fall, plenty of them, but we are now where we are not getting any big hogs. They are through with the grain, and the sow with her litter is in the grass and will come back to market along about Christmas time.

Chairman BALL. Your local representative will be able to give the prices here in Washington?

Mr. WHITE. Yes, sir.

Senator CAPPER. As you know, there is a general demand here on the part of the public for relief from the high cost of living and from profiteering. What suggestion along that line would you make to Congress as to what they can do to meet that demand?

Mr. WHITE. I think, if I properly read the papers to-day, that the move suggested of lowering the price of wheat is a step in the right direction. Since the world began the loaf has been the basis of exchange. Before we had money the price of maize was the medium of exchange. Wheat is the fundamental of price fixing, so far as prices go. When we start out to give \$2.26 a bushel for wheat the farmer naturally commences to figure about corn being on a relative price with wheat, and corn went up from \$1.30 last January, or February, to almost \$2 before this break yesterday came. Following that came the farmer with his hog price measured against the corn price, and there you have the start of things. I believe the move to lower the price of the loaf in this country is the first and most practical step which the Government can take. When we come down to the price of shoes and the price of hides and the price of wool that is in your clothes we can not get away from the law of supply and demand. We have had a situation in the wool market where, as fast as the wool was offered, the mills bought it and worked it up into cloth, and as fast as the cloth was offered it was sold. We have that situation in the shoe market. The shoe men tell me that they can not go to market and get 100 pairs of shoes of any one number because factories are all sold out. I talked with a furniture man representing the largest company in Chicago, and he stated that he had never seen the furniture trade as wild as it is now. The question of price is hardly discussed with the buyer.

Senator SHEPPARD. Is it not a fact that immediately after the Civil War prices were as high as or higher than they are now?

Mr. WHITE. Prices after every big war have shown an ascendancy. After the Franco-Prussian war prices went up 30 or 40 per cent; after the Napoleonic wars and after the Civil War they went up. They have gone up now. We have got to get the channels of trade open. We have got to get this great country, that has been producing products and shipping them to the markets that are now demanding our products, into the way of shipping. Russia, one of the biggest exporters of wheat before the war, is now buying its flour from our country. They are ordering cloth made up in Copenhagen or some

other port over there.' The channels of commerce must be opened. You can talk, you can legislate, but you can not change the situation of supply and demand.

Senator CAPPER. Does the fact that there is an estimated shortage in shoes, not enough shoes to go around, justify the man who happens to be fortunate enough to possess the shoes doubling his prices and gouging the public?

Mr. WHITE. I do not think so.

Senator CAPPER. That is profiteering, it seems to me, and that is what we are trying to get at here.

Mr. WHITE. The way to get at profiteering is to put an excess-profit tax on the man. Take it away from him, if he takes it away from the people. That is the simple way to do it.

Senator DIAL. What can you do to raise more sheep and get clothes a little cheaper?

Mr. WHITE. I think just as soon as we get the channels of trade open there will be all the wool that we require. There are three seasons' clip on the shores of Australia and New Zealand awaiting boats. England has bought up the clip of both of those countries, and we will probably, before the winter is over, be buying wool from England to supply wool for our mills in this country. We raise about 350,000,000 pounds of wool in this country annually, and that is not enough to supply the requirements of this country. What the packers have to do with the wool business is almost nil. All the wool business we do is to take care of the wool off the sheep that we kill, which does not amount, in the total, to 1 per cent.

Senator DIAL. Can you do anything to encourage the farmers to raise more sheep?

Mr. WHITE. I think they are. We are doing everything in the way of assisting them. The big thing in the sheep business is the breaking up of the range in the West on which they could run thousands of sheep. It is now taken away from them. What we must do to develop the sheep business in this country is to get the small farmer to raise a few sheep, 10 or 15, 20, or something like that, on his farm, just as the small farmer does in England. The small farmer in New Zealand raises sheep. New Zealand is the greatest country in the world for sheep. If a man has only 10 acres, he will have 10 sheep on his land. We must get these sheep raised east of the Rocky Mountains, because west of the Rocky Mountains the country has been cut up so that there is no range for them any more.

Senator SHEPPARD. The Government of New Zealand controls the packing, does it not?

Mr. WHITE. The situation is about this: The United Kingdom has bought all the beef and all the mutton that will be produced in New Zealand until 1920, at a price f. o. b. the boats. The New Zealand Government passed a law about a year ago requiring any man dealing in or slaughtering or exporting products of beef or mutton to have a license; so in that respect the Government does control it to the extent that they must have a license. We were slaughtering sheep out there, and we were denied a license—the only concern in New Zealand to be denied a license—and on taking it up with the Secretary of State in New Zealand and asking why he denied Armour & Co. a license, the answer was, after a perusal of the Federal Trade Commis-

sion's report, "I deny you a license." That is the only answer he gave us.

Senator SHEPPARD. The Government, then, does not do the actual packing?

Mr. WHITE. No, sir.

Senator SHEPPARD. Does it do the actual packing so far as eggs and poultry as concerned?

Mr. WHITE. Well, the situation in New Zealand is about this. I can answer as to the cattle and sheep business, but I can not answer as to the balance of it. The owner of a slaughterhouse in New Zealand, when he gets his charter, that charter dictates that it must be open for the public. The small farmer can drive his sheep down there and have them killed for his account, and then he can ship those sheep to his dealer in London to be sold for his account. So they do not have to go through the hands of a slaughterer except to have the work done on them.

Senator SHEPPARD. Are there not some local concerns?

Mr. WHITE. Oh, there are a great many.

Senator SHEPPARD. Private, I mean?

Mr. WHITE. They are all private except to that extent.

I would like to suggest that Mr. Trehwella, our manager of the Washington branch, is in the room, and he will probably be able to give you some of the details I have omitted.

I appreciate very much the consideration that you have given me.

Chairman BALL. On behalf the committee, Mr. White, I would like to express our appreciation of your frank and fair testimony.

Mr. WHITE. Thank you, Senator Ball. If you get into deep water and want a little information, let me know.

STATE OF ILLINOIS.

County of Cook, ss:

Personally appeared before me F. Edson White, of Chicago, who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia, in the City of Washington, on August 5, 1919, having been read by him, is the truth to the best of his knowledge and belief.

August 18, 1919.

RAY F. DE LONG,
Notary public.

[SEAL]

My commission expires April 12, 1921.

STATEMENT OF MR. W. W. TREWHELLA, MANAGER WASHINGTON BRANCH OF ARMOUR & CO.

Chairman BALL. You are the Washington manager for Armour & Co.?

Mr. TREWHELLA. Yes, sir; in Washington.

Chairman BALL. We would like you to give us a report, especially of the wholesale prices here in Washington, of the different food-stuffs.

Mr. TREWHELLA. At what particular time, Senator, do you want the price for?

Chairman BALL. We would like to have the prices now, if you can give them, as compared with the prices a year ago or two years ago.

Mr. TREWHELLA. I could not date back quite that far, but I can give you the running prices.

Chairman BALL. You can not give them from the beginning of the war?

Mr. TREWHELLA. I can give you estimated prices on your products for six or seven months, very closely. I am afraid I went back very much further than that I probably would not be able to give them to you, but I can probably give very close to them.

What is the product you wanted first?

Senator SHEPPARD. Suppose you just give us a list of the products and your prices.

Mr. TREWHELLA. Do you want the prices on fresh meats?

Senator SHEPPARD. Everything you sell.

Mr. TREWHELLA. On our prices on fresh beef I will date you back to the beginning of our year's business. That dates back until first week of last November, 1918.

Senator SHEPPARD. What, exactly, does "fresh beef" include?

Mr. TREWHELLA. Carcass beef. The difference in the range of selling price from last November up to the 12th day of July, selling price of this beef that Mr. White has explained to you—put into a car and sent to our destination for us to market, and price they want us to sell this beef for in Washington—

Senator SHEPPARD. Do they advise you as to the price when it ships stuff?

Mr. TREWHELLA. When the car comes along we have an estimated price that comes along with it at the time. I will give you our sell prices and our range of prices, dating back, if you want them, as far as last November, our selling prices during the week on this beef that comes along, which is all of different qualities. There is an average selling price ranging about 9 cents a pound, different from one lot to another; that is, from the very best beef to the cheapest grade that comes, we have sales that range about 9 cents a pound.

Chairman BALL. That is, for a whole side?

Mr. TREWHELLA. The whole carcass of beef.

Chairman BALL. What are those figures?

Mr. TREWHELLA. They run anywhere from—

Chairman BALL. Take this last week.

Mr. TREWHELLA. I will give you up to the 12th. The market has been rather bad here for two weeks on account of the race riot and the shortage of ice, and we have not been able to market our product to the little dealer, not having the ice to carry it, so we have had to carry a double burden. Our business has not been quite so good. The week before there was a difference in the selling price ranging 5 cents a pound.

Chairman BALL. We would like to have the figures on the best carcass.

Mr. TREWHELLA. The best carcass, 21 cents a pound. The highest sale made by Armour & Co. in that week was 21 cents a pound, and the lowest was 16.

Chairman BALL. That is what we want.

Senator CAPPER. I saw an advertisement in this morning's paper which seems to be a sort of a bargain offer—prime rib roast 30 cents a pound. If they bought that of you, what would they probably have paid?

Mr. TREWHELLA. If they bought it from us, I do not know. Who advertises it?

Senator CAPPER. The Old Dutch Market.

Mr. TREWHELLA. They kill their own beef at Frederick, and locally around here.

Senator CAPPER. I would just like to know what rib beef is selling for now, wholesale.

Mr. TREWHELLA. In a wholesale way, rib beef out of a carcass of meat that would bring 20 cents a pound would average to sell for 26 cents a pound, in a wholesale way.

Chairman BALL. The retailer would pay 26 cents?

Senator SHEPPARD. In a wholesale way.

Chairman BALL. The wholesaler would get 26 cents for it?

Mr. TREWHELLA. That is what I would get for it.

Chairman BALL. That is what the retailer would pay for it?

Mr. TREWHELLA. Yes, sir.

Chairman BALL. What is the difference between the fore quarter and the hind quarter in those prices if you were to sell a quarter of beef to a retailer?

Mr. TREWHELLA. It all depends upon the grade of beef in this market here. To figure your cattle out, you must understand that the fore quarter of beef and the hind quarter of beef do not weigh equally. Fifty-four per cent of the animal, in the Washington market, is cut from the fore quarter; there is 46 per cent of your animal cut only from the hind quarter. There is a spread of 8 per cent difference in weights in those two pieces of meat. The market is running on fores and hinds at the present time. In this season, on account of hot weather, there is more of a demand for steak; everybody wants steak. They are not calling for pot roasts; they are not calling for stew meat; not calling for short ribs. They are calling for steak; and if you take the hind quarter, it can be utilized from one end practically to the other. And there is a spread in the price of the hind and the fore which will run anywhere from 3 cents a pound up to 10 cents a pound. There is that spread in those two pieces of meat at this time.

Senator CAPPER. What would that be per pound?

Mr. TREWHELLA. Figuring, for instance, a carcass of beef selling at 21 cents a pound, as I have just given it to you, a hind quarter would bring 26 cents and the fore quarter would bring 16. That would turn your carcass of beef around 21 or 20.90, very close to 21 cents a pound. But the fluctuations in the weather are liable to spread that. When cold weather comes there will be more of a demand for stew meat and pot roasts and not so much call for steaks.

Senator CAPPER. Yesterday at my house I think we paid 45 cents for sirloin from our dealer. What did he pay your company for that, if he bought it from your company?

Mr. TREWHELLA. That is something, of course, which I can not answer, because I do not know where your store is located. You know, there is a difference.

Senator SHEPPARD. He says if they bought it from your company.

Mr. TREWHELLA. It all depends on where your store is located.

Senator CAPPER. It does not seem to me there ought to be any great difference.

Mr. TREWHELLA. If you bought it in the southwest, for instance, you bought it cheaper than you would buy it around here, because there are four different sections in this city, and the very high-cost section is the northwest.

Senator SHEPPARD. He means, what would the retailer have paid you?

Chairman BALL. Is the difference in the different sections of the city due entirely to overhead charges?

Mr. TREWHELLA. No; the difference in the class of people.

Chairman BALL. Some are simply willing to pay more.

Senator CAPPER. It does not make any difference to us where the market is located, where I bought the meat; what I want to know is what you got yesterday for a good grade of sirloin steak, wholesale?

Mr. TREWHELLA. I do not sell sirloin steak wholesale. I will tell you what I sold a loin for that he would charge your sirloin steak on. I will tell you what beef could be bought for that he could have got and could have made a good profit out of, if that is what you want. I will not say he did. He would have had to pay in the neighborhood of 30 cents for his loin of beef.

Senator CAPPER. Mr. White gave some figures of 20 to 21 cents as being the price that beef was selling at in Washington.

Mr. TREWHELLA. That was straight cattle. That is not a loin of beef. The plate on a steer, you understand, you can figure up as 24 per cent of your animal, 13 ribs and a shank and a clod. There is not any steaks you can cut out of there.

Senator CAPPER. You sell a loin, anyway, for how much a pound?

Mr. TREWHELLA. Anywhere from 18 to 28 or 30 cents a pound. It depends upon the quality.

Senator CAPPER. I see one packing house here advertises the price of loins. You have probably noticed that in this morning's Post Swift & Co. advertised prices for wholesale meats in Washington?

Mr. TREWHELLA. During the week.

Senator CAPPER. It was the schedule for the last two months, I think.

Mr. TREWHELLA. I did not see it, but I know each week what they sell for, because I see it in the paper.

Senator CAPPER. The wholesale selling price of beef in Washington for the week ending August 2 was \$17.44. They do not seem to make any distinction here as to whether it is sold in the southwest or the southeast.

Mr. TREWHELLA. That is their average selling price of carcass beef for that week, taking all grades into consideration.

Senator CAPPER. What was your average selling price the past week?

Mr. TREWHELLA. Last week our average selling price was a trifle higher than that. I haven't it with me, but I know it was higher than that.

Senator SHEPPARD. That is per hundred pounds?

Senator CAPPER. Yes. A hind quarter, you say, is now selling for what?

Mr. TREWHELLA. Anywhere from 18 to 28 cents a pound.

Senator CAPPER. What makes that difference?

Mr. TREWHELLA. There is a spread in the straight cattle of about 9 to 10 cents a pound. There will be just that spread between the

beef prices. You can buy cattle to-day at 12 cents a pound, but they will have to charge you 22 for some of them.

Senator CAPPER. As to that 18-cent meat, what will the retailer call it when he puts it on the market?

Mr. TREWHELLA. He will call it fresh beef.

Senator CAPPER. What will he probably get for it?

Mr. TREWHELLA. I can not say. That is something that I do not know. I do not know what the retailers are getting for their stuff; but I have given you the spread in the wholesale selling prices.

Senator CAPPER. That spread makes it all the more difficult to get at.

Mr. TREWHELLA. I should think it would make it easier.

Senator CAPPER. We are trying to find out here what you get for round steak, and we would like to locate what the difference is in those prices.

Mr. TREWHELLA. In a matter of that kind, of course, we do not get the same price all the time; it all depends upon the people.

Senator CAPPER. We would like to know to-morrow what you would sell round steak for.

Mr. TREWHELLA. You want to know what a leg of beef is worth out of an 18-cent carcass of beef. Is that it?

Senator CAPPER. Yes.

Mr. TREWHELLA. I will tell you what it is worth. If you have an 18-cent carcass of beef, the leg in Washington is cut without the flank. The flank goes on the loin. There are different cuts around the country. They are not all alike. I am talking of Washington. You would pay from 23 to 25 cents a pound.

Senator CAPPER. That would go on the market as what? What would they call it when they sold it?

Mr. TREWHELLA. Round.

Senator CAPPER. Round steak?

Mr. TREWHELLA. Round steak.

Senator SHEPPARD. But the man who bought the whole carcass would get it for an average of 21 cents a pound?

Mr. TREWHELLA. No; the man who bought the whole carcass would get the whole carcass for 18 cents.

Senator SHEPPARD. And that would include the steak and other cuts?

Mr. TREWHELLA. That would take the round and everything.

Senator SHEPPARD. Do not most of them buy carcass meat of your buyers?

Mr. TREWHELLA. No; not in this city, they do not. But, of course, there are lots of carcasses being sold, and a great percentage is broken up in the Washington market.

Senator SHEPPARD. You mean by you?

Mr. TREWHELLA. We break them up—for instance, a man comes in who has not an ice box big enough to carry a side of beef. He will buy a leg, or he will buy a chuck, or he is likely to buy a plate or a shank or a clod, or he wants the rump and loin.

Senator SHEPPARD. When you say 21 cents is the highest figure you had, you mean per carcass?

Mr. TREWHELLA. Yes, sir; that is the average selling price.

Senator SHEPPARD. You broke up a carcass and sold it for different prices, some higher and some lower, but that is the average price

you got for the average carcass, whether you broke it up or whether you sold it as a whole?

Mr. TREWHELLA. Absolutely.

Senator SHEPPARD. What proportion of the meat business Washington do you do, if you know?

Mr. TREWHELLA. What proportion do I do?

Senator SHEPPARD. Yes.

Mr. TREWHELLA. I do not know what the other fellows are doing. I know what I do.

Senator SHEPPARD. You and the other so-called "big packers." You know what proportion of the business they do?

Mr. TREWHELLA. No; I could not tell you that.

Senator SHEPPARD. I believe Mr. White testified that they about 60 per cent of the business of the country. Would it be in proportion here?

Mr. TREWHELLA. He said they did about 60 per cent of the business that was done in inspected cattle, but there is an awfully big business done that is not on inspected cattle.

Mr. MILLER. He said 73 per cent goes to the Federally inspected yards—

Mr. TREWHELLA. That brings it down to inspected cattle. I want to know how our business would figure in proportion to business done by Swift & Co.?

Senator SHEPPARD. Yes; if you know as to the business in Washington?

Mr. TREWHELLA. I could not give you that.

Senator SHEPPARD. You say the Old Dutch Market slaughters its own cattle?

Mr. TREWHELLA. Yes, sir.

Senator SHEPPARD. Does it have packing arrangements of its own?

Mr. TREWHELLA. Yes, sir; it does. It kills at Frederick. They draw their beef in from there every day.

Senator SHEPPARD. Do you know what volume of business they do as compared with your volume of business?

Mr. TREWHELLA. No, sir; I could not say. I know what I do; I know what my business is.

Senator SHEPPARD. What is your volume of business a year?

Mr. TREWHELLA. I run between four and five million dollars.

Senator SHEPPARD. In Washington?

Mr. TREWHELLA. Yes, sir.

Senator SHEPPARD. You do not know what the other big packers do?

Mr. TREWHELLA. I have not the slightest idea.

Senator SHEPPARD. You do not operate the hotel company?

Mr. TREWHELLA. The business that the Columbia Hotel Supply Company does would be Armour & Co.'s business.

Senator CAPPER. Have you cold-storage facilities here?

Mr. TREWHELLA. No, sir.

Senator CAPPER. Is there any cold storage here in Washington?

Mr. TREWHELLA. Yes, sir; the Washington Market Co.

Senator CAPPER. Do they do a packing business also, or just buy where they can get it?

Mr. TREWHELLA. They do not do any business of that kind.

Senator CAPPER. Do they buy from you?

Mr. TREWHELLA. No. They just have this cold-storage business. Underneath it they have retail stalls. They have no connection with the distribution of food at all.

Senator CAPPER. Do you handle hogs?

Mr. TREWHELLA. Yes, sir.

Senator CAPPER. Do they all come from Chicago?

Mr. TREWHELLA. Yes. You say, "all." Once in a while we have hogs from the farmers that bring them in on Louisiana Avenue, but the percentage is very small as to them.

Senator DIAL. Do you know how the prices compare with the prices a year ago?

Mr. TREWHELLA. On our cattle figures I would be safe in telling you that they are lower than they were a year ago.

Senator SHEPPARD. Have your rents gone up or down?

Mr. TREWHELLA. They have advanced very little, because we have this property leased.

Senator SHEPPARD. Do you lease your property or own it?

Mr. TREWHELLA. Lease it. I can answer all those questions in connection with expense by telling you that our cost to market is this year three-tenths of 1 per cent more than it was last year. We are holding our expenses right now.

Senator SHEPPARD. Your operating expenses?

Mr. TREWHELLA. Yes, sir; so we can market our stuff to the retailer just as cheaply as possible.

Senator SHEPPARD. Do you know what part of doing business represents your operating expenses?

Mr. TREWHELLA. No; I know how much business I have done and what the expense is, and that my cost to market now is 0.033. Last year our cost to market was 0.030.

Senator SHEPPARD. Does it include rents?

Mr. TREWHELLA. It includes every expense in every way, shape, and manner.

Senator SHEPPARD. How many employees have you?

Mr. TREWHELLA. I am running 68 to 70.

You spoke about eggs, Senator. Was there anything special in regard to eggs that you wanted to ask me about?

Senator CAPPER. I just wanted to know what the difference is in the price of eggs—the low price and the high price—during the year in the Washington market.

Mr. TREWHELLA. Last year we operated under the Food Administration rules and regulations and we would have to sell according to their regulations, whatever they were. I can tell you about what the market is now and just about what it has been running. Your market on fresh eggs, nearby eggs, is very weak and will not stand up on account of the hot weather, the eggs not being collected quickly. They sold last week around 42 to 44 cents.

Senator SHEPPARD. To retailers?

Mr. TREWHELLA. Yes, sir.

Senator SHEPPARD. What did you pay the producers for them?

Mr. TREWHELLA. Those cost us, uncanceled, landed in Washington thirty-nine and seventy something.

Senator SHEPPARD. Have eggs gone up or down, so far as your prices are concerned, in the last six months?

Mr. TREWHELLA. Down.

Senator SHEPPARD. What was the high point?

Mr. TREWHELLA. The high point on eggs—I would not say sure, but I believe it was somewhere around 56 cents.

Senator SHEPPARD. That is the high point in your price to tailors?

Mr. TREWHELLA. I believe that is very close to it.

Senator DIAL. What does your plant consist of, and your of operation?

Mr. TREWHELLA. We have a selling agency here, a cooler, a smoking meat room, a delivering system and an unloading system.

Senator SHEPPARD. Auto trucks?

Mr. TREWHELLA. Yes, sir.

Senator DIAL. Did you ask him, Senator Sheppard, about poultry and pork?

Senator SHEPPARD. Your business includes poultry and pork.

Mr. TREWHELLA. Yes, sir.

Senator SHEPPARD. Do you buy any amount here, or do you get it from Chicago?

Mr. TREWHELLA. From Chicago. We do not have any.

Senator SHEPPARD. You get it from the parent house in Chicago?

Mr. TREWHELLA. Yes, sir.

Senator SHEPPARD. How did that price of 21 cents you got last week compare with the price the company thought you ought to get when they sent you a statement?

Mr. TREWHELLA. That was on the 12th. It was about a quarter of a cent a pound more than they figured it cost. It was about a quarter of a cent more.

Senator SHEPPARD. Do you usually get what they figure you should get, or is there quite a margin of difference there?

Mr. TREWHELLA. You cannot tell; it is the supply and demand.

Senator SHEPPARD. What is the spread, usually?

Mr. TREWHELLA. I have seen it vary as much as 6 cents a pound in one week.

Senator SHEPPARD. Sometimes you go below and sometimes above.

Mr. TREWHELLA. It depends on where your market is. When the beef is sent to us it is up to us to sell it here and in a limited time.

Senator SHEPPARD. How about the retailer? Can he keep it a long time? Are some of them in such shape that they can hold it for quite a while?

Mr. TREWHELLA. I do not know just how they are fixed here. Of course, they would be checkmated here in a Southern city more than they would be in a Northern city on account of the hot weather.

Senator SHEPPARD. Walker-Hughes Co. and Magruder & Co. hold it. They have fine refrigerating facilities?

Mr. TREWHELLA. A reasonable length of time.

Senator SHEPPARD. What do you consider a reasonable length of time?

Mr. TREWHELLA. They have their refrigerators to carry the meat in, but they have not got refrigerators that are not opened frequently. They have got to use those coolers in conducting the business. If they had coolers that did not have to be opened frequently would be a different matter. But a man runs in there to get

chicken, or a slice of pork, or a pork loin, and that has its effect on the meat.

Senator SHEPPARD. What is the life of meat under those conditions?

Mr. TREWHELLA. I should say seven or eight days.

Senator SHEPPARD. Seven or eight days only?

Mr. TREWHELLA. Yes, sir.

Senator SHEPPARD. They have to dispose of their stuff in a short time?

Mr. TREWHELLA. Not unless they begin to operate on it. Seven or eight days is the time they ought to begin to sell their meat; and under their method of selling, in 10 to 12 days it would begin to show a shrinkage. I mean by that there would be some wastage that should not be wasted. It should be sold to the people while it was in condition to be disposed of.

Senator SHEPPARD. As a rule, it is about 20 to 25 days from the time the meat leaves Chicago until the time it reaches the consumer here?

Mr. TREWHELLA. No, sir; that would be the length of time in which it ought to be disposed of.

Senator SHEPPARD. As a matter of fact, what is it?

Mr. TREWHELLA. If you take the time we clean up our coolers, from the time the beef is shipped to us from Chicago and the time we get it, and the time we have got it sold, we very seldom figure over 14 days.

Senator SHEPPARD. That is the time you hold it?

Mr. TREWHELLA. No; the time we would have it all sold.

Senator SHEPPARD. That is, from the time it leaves Chicago and the time you have it all sold would be about 14 days?

Mr. TREWHELLA. To have it all sold; yes. Do you know how long it takes beef to get here from Chicago? It takes a five-day running time. There are five days consumed right there. Then we start to sell it the minute we get hold of it, and inside of 14 days there will not be any of that shipment left, and we report right back to Chicago what we get for it.

Senator SHEPPARD. The facilities that the retailers have here must be such as to dispose of it in seven or eight days?

Mr. TREWHELLA. That is as long as it ought to be kept.

Senator SHEPPARD. Twenty or twenty-five days after it leaves Chicago?

Mr. TREWHELLA. They should be operating on it all the time, because if they do not, they will have a surface shrinkage on it. It ought to be consumed.

Senator SHEPPARD. I am trying to reach the point as to whether there is any opportunity here for holding meat in cold storage in order to affect prices?

Mr. TREWHELLA. No, sir; not unless they freeze it.

Senator SHEPPARD. Are there any facilities for freezing it?

Mr. TREWHELLA. There are small facilities here for taking care of any fresh meats that come in here.

Senator SHEPPARD. Do you know who has those freezing facilities?

Mr. TREWHELLA. The Washington Market Co.

Senator SHEPPARD. Is that the only one?

Mr. TREWHELLA. That is the only one.

I would like to tell you, Senator, that it is a disadvantage that the beef shipper has here in Washington. If Armour & Co. start meat, we will say, 200 cattle, this week for next week's market—

Senator SHEPPARD. Right there: How do you base your estimate of what you need—on your judgment of what the market will need, or by orders?

Mr. TREWHELLA. We try to keep selling more each week. We know about what our business will be.

Senator SHEPPARD. You have a regular line of customers?

Mr. TREWHELLA. Pretty nearly. It is not always stable.

Senator SHEPPARD. Do you attempt to divide up the customer field with the other packers here?

Mr. TREWHELLA. Absolutely no. Our percentage of customers to whom we are selling at the present time—I believe, we have 700 and some active accounts.

Senator CAPPER. Who are some of your largest customers here?

Mr. TREWHELLA. They would be James Head. There are not any particularly large customers here in Washington. There would be Whitman, on Louisiana Avenue; Sherby; T. T. Keane; and others, a number of those fellows right in the Center Market that buy quite a little fresh meat; but I do not know any heavy retail customer, to speak of, in Washington.

Senator SHEPPARD. What, in your judgment, is the reason that the retail price of meat stays up while the price of cattle on the hoof and the price of the packed stuff at wholesale has been going down?

Mr. TREWHELLA. May I ask you a question?

Senator SHEPPARD. Certainly.

Mr. TREWHELLA. What is the difference in the range of selling price of the retailer each week?

Senator SHEPPARD. I do not know; but I understand that they sell anywhere from 40 to 60 and 65 or 70 cents a pound.

Mr. TREWHELLA. For the same goods?

Senator SHEPPARD. No; for different goods—the best, 60 to 75 cents.

Mr. TREWHELLA. I mean, for instance—

Senator SHEPPARD. Not getting into any argument on it, but assuming that the retail price has stayed up during the last six months—and I think it has, largely—taking into consideration the fact of the price of cattle on the hoof and the meat, as you pack it, has gone down, why do the retail prices stay up?

Mr. TREWHELLA. I wish I really knew just exactly why it should be.

Senator SHEPPARD. Mr. White stated he thought it was the fact that the retailer was clinging to high prices. We will try to find that out.

Mr. TREWHELLA. The Senator asked me what I was getting for different cattle. That is the reason why I asked you if you knew the selling price of these particular—

Senator SHEPPARD. We propose to get that.

Mr. TREWHELLA. The retailer is not as sensitive to market conditions as we are. As Mr. White explained, and as I started to explain a moment ago, when they start this fresh meat we have got to sell that meat. I have no alternative in the world. When they

start that meat along to me it is up to me to sell it. I can not go back inside of nine days or eight days and say, "Here, I have not sold my meat. Don't ship me any meat into Washington."

Senator SHEPPARD. How do you do that, by personal solicitation?

Mr. TREWHELLA. My shipments?

Senator SHEPPARD. No; your sales.

Mr. TREWHELLA. Personal solicitation. Our market is open every day and our place is open every day at 6 o'clock in the morning, and we will load a man's wagon and give him his fresh meat——

Senator SHEPPARD. Or deliver it yourself?

Mr. TREWHELLA. If he is in the delivery radius. I have no relief as to my fresh meats; I have got to sell them.

Senator SHEPPARD. Do you not think that if the householders were to form cooperative organizations and purchase at wholesale, in that way they would get their meat cheaper?

Mr. TREWHELLA. They might be able to buy it cheaper, but whether they would be able to distribute it amongst themselves before they get through with it at a less cost is something they will have to determine. When you commence to handle fresh meats, you are handling something that needs attention. It is not simply weights and money; it is attention. I might take the same piece with you and take it in a bundle, and tomorrow morning you might say, "My meat will be all right," and go and attend to something else, but I would realize that I had something valuable and I would take care of it. It is in the elimination of waste.

Senator SHEPPARD. We are trying to reach some means, if we can, of lowering the high cost of food articles.

Mr. TREWHELLA. Exactly.

Senator SHEPPARD. Have you any suggestion along that line?

Mr. TREWHELLA. There would be only one suggestion that I could make, and whether or not that would be of any real assistance, I do not know. It would be that the fluctuation in food products be transmitted to the benefit of each family.

Senator SHEPPARD. How can that be done?

Mr. TREWHELLA. The process of handling food products is through retail groceries. There is your process of handling beef. We bring it here and market it at a 3 per cent cost, which you will agree with me is very low, and it is handled in about as efficient a manner as anything can be handled. When I stop with it I have handled that meat for 3 per cent.

Senator SHEPPARD. Do you think that the rents which retailers here in Washington pay have a great deal to do with the high prices they charge for their goods?

Mr. TREWHELLA. I do not know much about rents, except in certain sections, but I do know one thing, that the cost is due, to a certain extent, to the fact that a retail butcher or meat cutter to-day can and does get about any money he demands. A few months ago, when the best of our boys all went to war, the boys that were capable of working and willing to work and would go into anything as producers, and were producers, were taken away from us. The retail stores, the same as every other line of business, drew on what was left for their help, did they not?

Senator SHEPPARD. Yes.

Mr. TREWHELLA. Those that were left that were capable of cutting up meat and things of that kind demanded a salary, and they are getting it. The cost to the retailer to-day in Washington is considerably more than it was.

Senator SHEPPARD. The cost of operation?

Mr. TREWHELLA. Absolutely.

Senator DIAL. Where is your place of business?

Mr. TREWHELLA. In the Center Market.

Senator DIAL. Do you deal with these other articles that Mr. White mentioned, such as canned vegetables and things of that kind?

Mr. TREWHELLA. Yes, sir.

Senator DIAL. Senator, can you bring out what the difference in the cost of pork was a few months ago and now?

Mr. TREWHELLA. The difference in pork is about 2 cents a pound lower.

Senator DIAL. Than when?

Mr. TREWHELLA. On the 12th of July than in November.

Senator SHEPPARD. You do not know whether that is so as to retail prices?

Mr. TREWHELLA. No, sir; our retail selling price on pork loins was about 2 cents a pound lower on the 12th day of July than it was on the 12th day of November.

Senator DIAL. How about fowls?

Mr. TREWHELLA. Our business is so slight on poultry that it is not a factor whatever.

Senator DIAL. Mutton? How does the price compare now with what it was six months ago? Dried fish, canned vegetables, etc.?

Mr. TREWHELLA. There practically is no market on canned vegetables.

Mr. MILLER. The Senator is referring to those products that Mr. White mentioned.

Mr. TREWHELLA. He mentioned such things as soap.

Mr. MILLER. He mentioned tinned milk, for instance.

Mr. TREWHELLA. Evaporated milk at this time is running up a little higher than it was three months ago. It has been down as low as 5.75 on 16 ounces. It has been down as low as 5.25 since November. That is the low mark, and it is now bringing about 6.50 on the standard 16-ounce milk. The other sizes vary just a few cents either way.

Senator DIAL. What is the range on mutton?

Mr. TREWHELLA. Sheep and lambs? Well, I have not my figures on hand.

Senator DIAL. Now as compared with six months ago?

Mr. TREWHELLA. The market last week was very low on mutton, but the average market is running pretty close to the same. Last week was the exceptionally low week on mutton.

Senator SHEPPARD. Are you selling any groceries?

Mr. TREWHELLA. Yes, sir; we sell canned vegetables.

Senator SHEPPARD. Wholesale?

Mr. TREWHELLA. Yes, sir.

Senator SHEPPARD. Are those from Chicago?

Mr. TREWHELLA. Wherever we can buy them around here locally. Very few we get in Chicago.

Senator SHEPPARD. You do that to reduce your overhead?

Mr. TREWHELLA. We have to carry an operating force here, Senator.

Senator SHEPPARD. That is the overhead.

Mr. TREWHELLA. Yes, sir. When the fresh meat comes, we have to get somebody to load it. Last year if they had a heavy contract on beef from Chicago for these other points they would give me all they could give me for this week; next week they might give me a full shipment. I would have to carry my men during that time, and I bought more groceries and products in the last year or two, canned beans and peas. I bought all my canned goods in Maryland, with the exception of one lot of peas that I got in Illinois.

Senator SHEPPARD. Do they consult you as to the amount of weekly shipments beforehand in order to gauge what they should be?

Mr. TREWHELLA. I order my stuff.

Senator SHEPPARD. You order your stuff, based on your judgment of the demands of the market?

Mr. TREWHELLA. Not exactly on the demands of the market; it is how much I can sell. It is to my advantage, you understand, Senator, if I can put two extra cars of beef in Washington, to buy that way.

Senator CAPPER. How would the average car be made up as to the kind of beef you order from Chicago?

Mr. TREWHELLA. I order a fairly high grade of cattle that weigh around 525 to 550 pounds. There has been, in the last two years, a growing demand for these good cattle here in Washington. It has come about in two years. It is noticeable right now. The people are demanding good cattle in Washington. We will sell very easily the good cattle, whereas the cheaper grade of cattle is hard for us to market.

Senator CAPPER. In ordering, what would you call them?

Mr. TREWHELLA. Choice native cattle.

Senator CAPPER. What else would you order in that car?

Mr. TREWHELLA. Medium cattle.

Senator SHEPPARD. Is there any municipal slaughtering house here now?

Mr. TREWHELLA. No, sir; but there are other packers that do—

Senator SHEPPARD. Is there a municipal abattoir here?

Mr. TREWHELLA. No, sir; although we have one or two people that kill right over here across the river—Loeffler.

Senator SHEPPARD. A public slaughterhouse?

Mr. MILLER. Do you bring in a lower class of beef for those people who might not be able to buy this choice native beef?

Mr. TREWHELLA. We order our cars graded up so that we can sell all classes of people.

Mr. MILLER. There is a class of people here that want the high class of beef more pronouncedly than in other sections of the country?

Mr. TREWHELLA. In the last few months; yes, sir. They have been growing very critical here. I believe it is on account of the influx of people from different parts of the country.

Senator CAPPER. What do you call your low-grade beef?

Mr. TREWHELLA. Good fed Western.

- Q. Now, is there any live cattle market here?
- A. No, sir; I can not answer that. I have no occasion for anything of that kind.
- Q. You did make some inquiries as to eggs?
- A. Yes, sir; because they come in on the market.
- Q. Do they bring them in to the Center Market?
- A. Yes, sir; where you get them, from the wagons down there?
- A. Yes, sir; a farmer will bring in 25 or 30 cases of eggs, and we buy them at whatever the market price is on eggs; but not very small factors in that.
- Q. Is there a local exchange here?
- A. Not a local exchange on products. There are some very heavy produce dealers in Washington. We are not very big factors.
- Q. What is the determining factor in the local prices here each day or each week?
- A. There is nothing any more than your market condition.
- Q. No regular exchange?
- A. There is no regular exchange.
- Q. Mr. White, you said a while ago that the five packers did a certain percentage of the live stock business.
- A. Let me give you the correct impression of it. This statement should read that the United States Bureau of Animal Industry inspects about 60 per cent of the cattle, hogs, and sheep killed in this country, and the other packers kill 73 per cent of the unspected cattle, hogs, and sheep.
- Q. The five large packers?
- A. Yes, sir. The five large packers do about 44 per cent of the total live-stock business done here.
- Q. We are very glad to have that information. Why do they not inspect the others? Do they not have the force?
- A. No, because inspection is granted where any slaughterer asks for it; but when a man does not do an inter-state business he does not want inspection. Inspection means that his house must be kept in a very sanitary condition and he must observe certain rules and regulations, which means, of course, added expense to him, and the small slaughterer in the local community does not feel the necessity for it. He runs against the necessity, however, if he gets an animal out of any product, because he can not ship it out of the State. He must find a buyer in his own community. There is a force of Government inspectors riding through the cattle, hogs, and sheep, looking for any evidence of disease.
- Q. What do you mean by "riding" through?
- A. Of course, ask because they can not get around otherwise. As to the sheep, they go around on foot. When the live stock is on packing, then they are under observation from the time they are packed until they go out. There is a force of Government inspectors riding through the cattle, hogs, and sheep, looking for any evidence of disease.
- Q. Is there any such inspection here?
- A. Yes, sir. We have an inspection here. The inspectors are riding through the cattle, hogs, and sheep.

Senator SHEPPARD. Is it inspected while it is in the hands of the retailer?

Mr. TREWHELLA. We have a district inspection; it is not Federal inspection.

Senator SHEPPARD. The Bureau of Animal Industry does not go through the branch houses?

Mr. WHITE. When the meat leaves us it has the stamp of approval of the Bureau of Animal Industry.

Senator SHEPPARD. There is no way of telling whether it is safe in the hands of the retailer unless locally inspected in the District of Columbia?

Mr. WHITE. I think most cities have a board of health inspection, or under the auspices of the board of health.

Senator SHEPPARD. If there is anything else you gentlemen would like to say, we will be glad to hear it.

Mr. TREWHELLA. I think we have covered it as well as we know how to cover it.

Chairman BALL. The committee will now adjourn until 2 o'clock tomorrow afternoon.

(Whereupon, at 4.20 o'clock p. m., the committee adjourned until to-morrow (Wednesday), August 6, 1919, at 2 o'clock p. m.)

STATE OF NEW JERSEY,

County of Atlantic, ss:

Personally appeared before me W. W. Trewhella, of Washington, D. C., who, under oath, stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 5, 1919, having been read by him, is the truth to the best of his knowledge and belief.

August 16, 1919.

[SEAL.]

W. W. TREWHELLA.

[SEAL.]

BERNARD F. DEVER,

Notary Public State of New Jersey.

Commission expires September 12, 1921.

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

WEDNESDAY, AUGUST 6, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE
ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m. in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Senator Sherman, chairman of the committee on the District of Columbia, also appeared.

Present also: Mr. Thomas W. Miller.

Chairman BALL. The committee will please come to order. We have with us to-day Mr. Thomas E. Wilson, representing Wilson & Co., of Chicago. We will be pleased to hear from Mr. Wilson.

STATEMENT OF MR. THOMAS E. WILSON, PRESIDENT WILSON & CO., CHICAGO, ILL.

Chairman BALL. Mr. Wilson, in this testimony we would like very much for you to give us the prices of different food products which you supply in Washington, the prices charged by you in Washington.

Senator SHEPPARD. Suppose he gives his relation to the company, to start with.

Chairman BALL. What is your relation to the company?

Mr. WILSON. I am president of Wilson & Co.

Chairman BALL. Your initials are what?

Mr. WILSON. Thomas E. I might say that in speaking I will speak for Wilson & Co., but I am authorized to speak for the Institute of American Meat Packers, which includes substantially all of the packing concerns in this country, probably about 200 different concerns, large and small. On their behalf I am authorized to extend to you their offer of cooperation and their earnest wish that this committee may go to the very bottom of this proposition, that it may make a study of the entire subject from start to finish, and that any information we have is yours for the asking. If any of them are permitted to appear before you, they will be glad to give you any information they have. Their books are open to you. You are at liberty to put accountants on any of their books. I do not think that there is one in the organization that would resist it. They will assist you to the full limit.

Senator CAPPER. About how many companies are not in that institute that you speak of?

Mr. WILSON. I think substantially none. There may be three or four or five, Senator, but I think it substantially covers all of the concerns in this country. I think there may be one—

Senator SHEPPARD. When was it organized?

Mr. WILSON. The American Meat Packers' Association was organized several years ago. The institute has been organized within the past two or three weeks.

Senator SHEPPARD. What is the object of the institute?

Mr. WILSON. In the first place it is their purpose to incorporate under the laws of the District of Columbia. Their objects are to cooperate with the Government to the fullest extent, to assist the members of the organization in whatever way the institute can assist them, and to put before the public as far as it is within their power to do it, facts with relation to the packing industry and to study the arts and sciences of the industry and to help as far as it is possible and legally proper.

Senator SHEPPARD. Is it organized with any view to price control?

Mr. WILSON. Not at all; absolutely no reference to price whatever; no discussion of price in any way, shape, form, or manner in any of its meetings.

In order to simplify matters for you gentlemen I have brought with me a chart that our company has prepared and has circulated pretty generally, showing the different cuts that carcasses of beef are cut into in ordinary practice. It is not the practice of the packer to cut them into all of these cuts as a rule. A very large per cent of the carcasses that we ship are shipped in the fore-quarter and the hind-quarter shape. There are just the four cuts of the carcass, two fore quarters and two hind quarters.

Senator SHEPPARD. What is this carcass here [indicating on chart]? This is a half quarter, is it not?

(Chart to which reference is made is in the hands of the committee.)

Mr. WILSON. That is a half quarter. The other side is exactly the same. In shipping we rivet through there and we hang the two fore quarters and the hind quarters. This [indicating line "A" to "A"] is everything above the line of the hind quarter and everything below the line of the fore quarter.

Senator SHEPPARD. Do you separate the two hind quarters and the two fore quarters, or do they come together?

Mr. WILSON. They come together. These are hung in the chill room, and when we hang it in the refrigerator car we separate it from the hind quarters; so that in shipping a carcass of beef to Washington we would ship it in four quarters, two fore quarters and two hind quarters.

Chairman BALL. Would it be possible to let the committee have this chart?

Mr. WILSON. I will leave that with you, Senator. I brought it for that purpose; and I will leave this with you, which is a statement showing a 690-pound dressed carcass cut into these different cuts and showing the percentage that there would be of each of these cuts.

Senator CAPPER. Is 690 pounds about the average?

Mr. WILSON. That is a prime native bullock, and that would be what we would call top beef that we would ship to the Washington market. For instance, the loins. No. 8 is the loin. That shows 120

pounds of loin in a 690 pound bullock, or 17.39 per cent of the whole carcass.

I have also inserted in here figures showing the Chicago market price of these different cuts.

Chairman BALL. The Chicago market price?

Mr. WILSON. Yes, sir. That will vary all over the country, because in some portions of the country there is a greater demand for the ribs and loins than in other sections of the country, and there is a greater demand for the better cuts than for the commoner cuts. These prices vary in accordance with the demand in the particular locality, and you can not fit these prices exactly to Washington, because they would vary a little.

Senator SHEPPARD. Is there supposed to be a standard weight for each of these small cuts?

Mr. WILSON. Not any standard weight, no; but they run about this percentage. Of course, that percentage will vary in the different grades of cattle. It will run stronger to one kind than to another, but you would not expect that percentage for all grades of beef. I should say for your purpose it would be fairly safe to figure on about that percentage.

Senator SHEPPARD. What is the maximum weight of a small cut, generally speaking?

Mr. WILSON. You see the heaviest there is the chuck. That is 93 pounds. That is this piece [indicating on chart]. This No. 1, 2, 3, and 4 in here.

Senator CAPPER. How much is there that you can not sell at all?

Mr. WILSON. There is not any part but what is sold. Of course some of it has to be sold for a lot less money than other parts. Take, for instance, the shank. We figure that out of a bullock costing the retailer 23 cents a pound it will amount to 8 cents a pound; but of course we figure that there is relatively enough market to bring the price of all these up to the price of the carcass.

Senator CAPPER. When you make a bill to the retailer here, do you make him an average price, or do you—

Mr. WILSON. Most of our stuff is sold by either the quarter or the whole carcass. Most of the butchers are able to use a whole carcass, and they will buy the whole carcass, and, of course, the price is made on the carcass basis. If a man wants to buy a quarter carcass, we will figure what we have to get for the fore quarter and what we can get for the hind quarter, and make substantially the same price as we would get for the carcass. We may sell to different people, but we will figure what we ought to get.

I have here the prices at which we have sold all of our beef in the city of Washington by weeks since the 3d of May, each week separate, and I have set opposite that our cost. I will have to explain to you our cost on that.

Senator DIAL. Down to when?

Mr. WILSON. Down to the 26th of July. That is the last date we have complete reports for.

Those prices run from May 3. The average price was \$22.60 per hundred pounds. On July 26 it was \$19.04 per hundred pounds. The average for all of that period was \$19.84.

I will leave these figures with you, but I would like to explain them as I go along.

Beef, 1919.

Date.	Per hundredweight (average).		Margin, plus.
	Cost.	Selling price.	
By weeks, week ending:			
May 3.....	\$22.60	\$21.85	1 0.75
May 10.....	23.14	22.79	1.35
May 17.....	22.33	21.08	1 1.25
May 24.....	22.21	21.84	1.37
May 31.....	21.49	21.24	1.25
June 7.....	21.29	20.43	1.86
June 14.....	21.13	17.13	1 4.00
June 21.....	19.58	16.50	1 3.08
June 28.....	18.14	16.16	1 1.98
July 5.....	17.60	17.69	.09
July 12.....	17.30	18.09	.79
July 19.....	18.54	19.74	1.20
July 26.....	19.04	19.11	.07
Total average.....	19.84	19.19	1.65
By months:			
January.....	\$20.97	\$21.61	.64
February.....	20.83	19.71	1 1.12
March.....	23.27	22.52	1.75
April.....	23.01	22.76	1.25
May.....	22.43	21.74	1.69
June.....	19.69	18.87	1.82
July.....	18.03	17.39	1.64
Total average.....	20.75	20.15	1.60

1 Minus.

Our average selling price for all of that period was \$19.19.

Senator CAPPER. The highest and lowest were what?

Mr. WILSON. The highest was \$22.79, down to \$16.16. That average price will vary in accordance with the grades of cattle we happened to ship to this market in any particular week, so they will not always be upon a uniform grade, but I thought this would give you a better idea of the prices that we are realizing here than anything that I might bring.

Senator SHEPPARD. Are there not standard grades in cattle?

Mr. WILSON. No. However, we have a number of grades that we call packing-house grades, but they all vary a very great deal.

Senator SHEPPARD. What are those grades? How do you style them?

Mr. WILSON. I think every packer has a different way of marking. We mark red, white, and blue. We take a bunch of native steers, high grade, corn-fed, native steers, and we will grade them red, white, and blue, the extreme tops, down to the mediums and the tail ends, as we call them. Beyond that you keep going on down to the range cattle, the grass cattle, and the cow and heifer stuff, and the canner stuff, all the way through. As a matter of fact, substantially every carcass of beef differs from every other carcass of beef. They are a good deal like human beings; there are no two of them exactly alike, either alive or dressed.

Senator SHEPPARD. In cotton and wheat we have a number of standard grades—

Mr. WILSON. That is possible, but it is not so in cattle.

Senator SHEPPARD. There is no such thing as that in cattle?

Mr. WILSON. No; it is not possible as to cattle.

Every week here up to the 5th of July we showed substantial losses as compared with our f. o. b. cost, Washington. For the four weeks of July we show a small margin of profit, only in one week, however, enough profit to pay the expense of the branch in Washington. Only in one week since May 3 had we enough margin in our beef sold at Washington to pay expenses, and that was only 35 cents per hundred pounds in that one week. Then we have losses running as high as \$4 per hundred pounds, exclusive of the expenses of the branch.

Chairman BALL. Does that include the returns from the by-products?

Mr. WILSON. That includes everything. I will explain that to you. In arriving at what we call our cost, part of that is arrived at by taking some arbitrary figures, necessarily, because a part of the product is not marketed for two or three months, and we arrive at that price as best we can, on fats and bones, fertilizer, hides, everything of that nature; we use our very best judgment to arrive at the cost of the beef, and we arrive at it very closely because our figures at the end of the month bear out our estimated figures. We rarely have more than 5 cents variation at the end of the month. Of course some of the items will fluctuate a little and go up, and some of the others may go down, but they will offset each other, and month in and month out we hit it very closely. It is really the only reliable way to get at anything like the actual cost of the beef.

Senator SHEPPARD. In shipping your stuff here to Washington you send a statement to your man here telling him about what you think it ought to bring here, what you consider a reasonable profit?

Mr. WILSON. Yes; in most cases we tell them, "This beef ought to bring such and such a price"; but that is not the controlling thing. Our man here gets all he can get for it.

Senator SHEPPARD. I understand that.

Mr. WILSON. Many times he does not know anything about what the beef costs. He sells it on the market and does the best he can. That is reflected in the week of June 14 in which we had a minus margin of 4 cents a pound on our beef.

Senator CAPPER. What would determine the market here in Washington?

Mr. WILSON. The supply and the demand, and nothing else.

I will say to you gentlemen that Wilson & Co. lost money on their beef business since the 1st of January; that is, after figuring all of the profits of every description on the by-products that could be credited to beef.

Senator SHEPPARD. What is the reason for that?

Mr. WILSON. The reason for that is a general one, and I would be glad to give you my ideas, and I think I might cover that with the hog situation altogether.

Back in 1916 both cattle and hogs were marketed pretty freely, and the Government became alarmed; we all became alarmed at a prospect of a shortage of meat in this country. The Government

went out pretty strong advocating an increase in production, both on cattle and on hogs, and they got it. The farmers responded. The response was to the appeals of the Food Administration and the appeals of the Department of Agriculture. They responded liberally and went at the work of producing more hogs in an earnest manner.

Senator SHEPPARD. That appeal was in 1917, the appeal of the Food Administration and of the Agricultural Department.

Mr. WILSON. Yes. When they began to get their figures showing the results of the slaughter in 1916 and the outlook for 1917, that came out with that strong appeal. Up to the signing of the armistice it was all justified. It looked as though even then we would probably not have enough to keep the local consumption supplied and to keep our Army in Europe supplied and to keep the foreign civilian population supplied. They were taking great quantities of beef from this country, not only for our Army but for the allied armies and the civilian population. They took it from this country in preference to taking it from South America because they could get it from here more safely. They could protect the lane between here and Great Britain much better than they could protect the lane from South America, and it took a lot less time to get it from here than would have taken from South America. So the shortage of refrigerated boats and the urgency of the situation over there justified the shifting of those boats to this country, and a large portion of the supply of fresh beef went from this country to supply the allied armies and the civilian population and our own Army. They continued to get some from the Argentine, but not the usual amount, and they got none from Australia.

When the armistice was signed, or shortly afterwards, they commenced shifting the boats to South America and to Australia, and taking larger quantities of beef from those countries. Our Army was rapidly returning, and our Government stopped buying beef for shipment to Europe. At the same time, during all of the year 1918 and part of 1917, our Food Administration was urging conservation, urging the use of less meat; and they got response to that.

So we found ourselves at the period of the signing of the armistice with an increased production and with a decreased consumption in this country, and all of a sudden the stoppage of the consumption in Europe. When we met that situation, the producers had no time to shut off their production. It came in a minute, as you may know, and they could not shut it off. They had the cattle and the lack of preparation had been made months in advance to feed these cattle and they had to keep on with it, and as these cattle came through finished they had to put them on the market. They put them on the market in quantities greater than the local consumption. There was more beef marketed than could be consumed in this country, and necessarily the price went down. The price declined anywhere from 2 to 5 cents a pound, live weight, on cattle, and it is reflected in these figures.

Senator SHEPPARD. Why was it not reflected in a corresponding decline in the retail price?

Mr. WILSON. You gentlemen are investigating that. There is a great deal to be said about the retail prices. I do not know how soon the retailers responded. There are a great many things about

retail situation that makes a big problem, and there is a great deal to be said in defense of the retailer, as well. I do not want to be in judgment on the retailer. You gentlemen will have to do it. He has his difficulties. The consumers have made it pretty tight for him to do business and make money, even on higher prices because they demand extravagant service; they demand delivery of small packages on a moment's notice, and they require the retailer to keep telephone service and delivery service, to keep books and so on; and a man with a small turnover has got to have a pretty small margin. I think it would be interesting to you if you could call upon the Food Administration for the result of the survey they made in Washington on the retailer situation, as to the number of retailers operating here and the expense of the operation. I read that I would prefer not to touch to any great extent on the retail situation.

ARMAN BALL. That has been done, Mr. Wilson.

MR. WILSON. I am very glad to hear it. It will be an interesting one, and it is one that has many angles to it.

MAJOR SHEPPARD. Let me ask this question right here: Do your prices as a rule go up and down as the prices to the producer rise and fall?

MR. WILSON. Yes; as a rule. The only time it would not respond immediately would be in the case where we were selling beef at 4 cents a pound loss. Naturally, if we bought our animals at a little higher price we would try to overcome that loss, if we could, before we sold our stuff to the retailer.

MAJOR SHEPPARD. But the same condition does not apply to the extent between your prices and the retailers' prices, because there are so many other conditions involved. As a rule, retail prices rise and fall as your prices to the retailer rise and fall?

MR. WILSON. Well, I do not know. I would rather not—let me say you are as close to the retailer situation as I am. We do not do retail business. We do not aim to do any. We have only one place where we retail, and that is our plant market, where we retail to our employees only.

MAJOR SHEPPARD. The hog situation was a very different one from the cattle situation. While the production was increased substantially in a very short manner when the armistice was signed, we found not only our country short of eastern Europe short of pork products, and they had to go for them but to America. This country had scarcely any competition on pork products. There are other countries that are gradually getting into that line. Brazil is gradually getting into it, and China is gradually getting into the raising of pork, but to-day we are not substantial competitors. So that our Allies had to look to our country for their supply of pork products.

ARMAN BALL. Before you leave the beef proposition, what do you say was the fall in price in beef?

MR. WILSON. Anywhere from 2 to 5 cents a pound on the live animal.

ARMAN BALL. Would you not expect a larger drop than that due to the oversupply?

MR. WILSON. Well, that is a pretty substantial reduction—about 25 per cent; and there is another element there, Senator, that must

not be overlooked. Our Government urged the producers to produce these cattle, and they did it in good faith, and they were losing a lot of money. I think I can safely say that as high as \$50 a head was being lost by feeders on the cattle produced at these prices.

Senator SHEPPARD. What period does that period of loss cover?

Mr. WILSON. In February, March, April, May, and June of this year.

Senator DIAL. How do those prices compare with prices at time of the armistice—the prices you gave us a while ago?

Mr. WILSON. These prices are somewhat lower. I would want to state definitely, but they are quite a little lower than at time of the armistice. Of course, there is one thing you must consider there. The armistice was signed just at the close of the good period. These prices, or most of them, are on corn-fed and clover-fed cattle until you get into the last of July.

Senator DIAL. How would they compare with the 12-month period before that—the same time last year, approximately?

Mr. WILSON. They are substantially lower than 12 months ago.

Senator CAPPER. How long has your company been in business?

Mr. WILSON. Wilson & Co. has been in business as Wilson & Co. for three years. It was originally Sulzberger & Sons Co. until I went with them, and then there was a reorganization; and the name was changed to Wilson & Co.

Senator CAPPER. What is the lowest price that your company has sold beef for? Do you recollect?

Mr. WILSON. Speaking of the past three years, or my experience in the business?

Senator CAPPER. The last three years, yes.

Mr. WILSON. In the first year they were substantially lower than these. I can give you all of these figures readily, and I will be glad to do it. I have not them just exactly in my mind and I do not like to guess at them; but they are higher now than they were three years ago.

Senator DIAL. Is there any shortage now, Mr. Wilson, in refrigerator boats?

Mr. WILSON. There is not a great supply of refrigerator boats. We have very little business that will use refrigerator boats at this time. What few boats we get we have to get through the Shipping Board, and the price of them is extremely high. They are asking 5½ cents a pound for space on the refrigerator boats, which makes it almost prohibitive for use to ship and compete with South America, Brazil, or Australia.

Senator DIAL. What effect is the disposition of Government supplies going to have?

Mr. WILSON. Temporarily I should think it might affect the price of cattle and the price of beef until the supplies are marketed. There is just so much beef that can be consumed in this country, and there is other meat thrown on the market, this frozen meat, it is bound to have an effect. It is not suitable to supply the market here because our people do not want frozen meat if it can be avoided. They are not educated to frozen meat.

Chairman BALL. It would, however, cause competition with good meat, would it not?

Mr. WILSON. With good meat?

Chairman BALL. Yes.

Mr. WILSON. It would not with our best meat. It will be bought and used to a considerable extent. After all, all they have will not cut much figure, when we consider the consumption in this country. It would not last very long. I do not know what they have—probably 50,000,000 pounds; but that would be substantially half a pound per person for a day. So when we consider it, it does not amount to a very great deal.

Senator DIAL. How does the expense of your business compare now with the expense 12 months ago, or at the time of the signing of the armistice?

Mr. WILSON. Our business is substantially higher on practically everything that enters into it. Our labor is substantially higher; supplies are substantially higher; the raw material is substantially higher; everything is higher than it was a year ago. I have here and would be glad to show it to you gentlemen a demand by our people, the laboring people, calling for another very substantial increase anywhere from 40 to 100 per cent.

Senator DIAL. That is not on account of the increase in price of foodstuffs, is it?

Mr. WILSON. They claim it is on account of the increase in the cost of living, to some extent.

Senator CAPPER. The consuming public feel now that the price of beef at the present time is high and, as you know, there are complaints that somebody is profiteering. Yet, according to your showing, there is plenty of beef in the country; there is no shortage of beef. What is responsible for the present high prices of beef?

Mr. WILSON. The cattle raiser, of course, so far as he is able, is not willing to market his stuff at a loss. You can not blame him very much for that. He wants to get his money out of it, at least. When the prices go much under his cost, so far as he is able, he is going to hold his cattle back and shorten the supply. That was done three or four weeks ago and the price went up, and they will continue those practices as far as they are able. Of course a man fattening cattle can only do that to a certain extent. He can not afford to put corn at these prices into cattle if they are not making gains.

Senator CAPPER. The supply now seems to be adequate to take care of the demand. There is plenty of meat in the country, more than we have had for many years.

Mr. WILSON. That is true.

Senator CAPPER. Why should the price to the consumer be increased? The consumer feels that beef is out of his reach, a good deal of it, at any rate.

Mr. WILSON. Prior to the month of July the price on beef in Washington was 18 cents a pound. All we sold here we sold at 18 cents. At the present price of feed and labor and everything else, the producer can not produce beef for less than that. I presume if the consumer were getting beef at 18 cents a pound he would not have much to complain of.

Senator DIAL. If your business showed a loss, why do you charge a little more?

Mr. WILSON. We charge all that the butcher will pay, but with surplus of stuff on the market he really commands the price. A butcher in Washington wanting to buy a carcass of beef will go around the different coolers here, and if he finds that there is a general supply, he is just as smart as our salesman, and he sizes up the situation. He gets advice as to the receipts of cattle at the import markets and he knows that there is an oversupply, and he takes advantage of it. He buys it just as low as he can buy it, and our fellow sells it just as high as they can sell it.

Senator SHEPPARD. Do you ever hold your beef back to get a higher price?

Mr. WILSON. Hold our beef back?

Senator SHEPPARD. Yes.

Mr. WILSON. We can not hold it back to any extent. The calves are coming, and we have to buy them and kill them. The farmer will not stand for the cattle not being bought on the market every day; and when we buy them and kill them we have to get them out of our place within three days; otherwise we have no room for other stuff. The stuff handles better if handled promptly and sold out after we have held it for not over three days. You can not hold it back. It is perishable stuff. It is different from steel rails or cordwood.

Senator SHEPPARD. You can not permanently do business at a loss.

Mr. WILSON. Not permanently, no; but this is an unusual situation and we are hoping, of course, that it will not continue. We are hoping that we will be able to get a fair margin on the business that we are doing. We can not shut up our plants. We have men guaranteed of 40 hours a week, and we must, if possible, keep them going. I would rather take a little loss on the sale of our beef than have idle men and pay them for doing nothing.

Senator DIAL. What is the character of the beef you ship here?

Mr. WILSON. That varies. It is ordinarily a good grade of beef. We ship some of what we call our top natives, some of the good grades of grass cattle, and a few good cows and heifers.

Senator DIAL. Is it superior to the quality you ship to Baltimore and Richmond?

Mr. WILSON. It will vary, but usually a little better than we ship to Baltimore; and I think it will average a little better than we ship to Philadelphia.

Senator DIAL. Why is that?

Mr. WILSON. It is the demand. They seem to want it here. We are trying to give each market what they want, so far as we are able, so that they can sell to the best advantage.

Senator DIAL. I can not understand, Mr. Wilson, there being a surplus of beef, why the price to the retailer does not go down.

Mr. WILSON. You gentlemen, as I understand it, are investigating that matter, and I presume that your investigation will cover the cost of operation on the part of the retailer, and that he will have his day in court and have a chance to explain to you why, if there is any reason why. When the investigation was started by the

Federal Trade Commission we all hoped that it would have included a fair examination of the whole subject—the cost to produce on the part of the producers, the cost to the feeders, the expense of the yards and the handling operations of the packers, and the handling and the operation of the middlemen and the retailer. Unfortunately, it simmered down to an investigation of the packers only. They have not had the whole story and they do not know the whole story—at least, they do not give out the whole story if they know it. What they do give out does not reflect the situation as it actually is.

Senator DIAL. I see that does not come within your purview.

Mr. WILSON. Just while we are on that, if you do not mind, I have before me the report that was turned loose by the Federal Trade Commission, and I just cite this to show you how easy it is to make mistakes when men are not familiar with the business. I have not read the whole report, but I have read parts of it, and this one paragraph here indicates, as I say, how easy it is for men who do not know the business to overlook things and make a mistake. They have made a very grievous mistake here when they say that—

More than 75 per cent of the cattle and 65 per cent of the calves killed by wholesale slaughterers in the United States are killed by the five large meat packers. The best hides are taken off by these wholesale slaughtering concerns, and the cattle killed by the five large packers are uniformly heavier than those killed by the smaller ones. These five large packing concerns thus have a high degree of control of the grades of domestic hides that are reputed to produce the best grades of leather.

They are entirely wrong in that. The hides that are to-day bringing the best prices are not from the heavy cattle at all; the light hides are bringing many cents a pound more than the very best grades of heavy hides.

The Federal Trade Commission casts a reflection here upon the five packers based upon that premise which is entirely wrong. That is the difficulty of trying to solve a problem when they only understand a small part of it. That is why I say, and I say it in behalf of the Institute of American Meat Packers, that we hope that you gentlemen will understand this entire subject before you leave it, and that you will understand the cost of production and the cost of handling in the stockyards and the packers' end of it, and the retailers' end of it, and the jobbers' end of it, and then you will have the whole story, and then something intelligent can be worked out.

Chairman BALL. Mr. Wilson, you ship to Washington in original packages. You call a side of beef or a quarter of beef an original package, and you ship hams in the original package?

Mr. WILSON. Yes, sir.

Chairman BALL. Do you ship any other original packages, small packages?

Mr. WILSON. Well, we ship bacon, of course, and what we call shoulders or picnic hams.

Chairman BALL. Could you give us the prices on hams?

Mr. WILSON. Yes, sir; I will leave that sheet with you; and that gives you, also, the average price per week on our certified hams, both skinned and regular, and our second-grade hams and our bacon. It gives the average price we sold the hams and bacon for to the retail trade each week.

Hams and bacon, average selling price by hundredweight, 1919.

Date.	Certified skinned hams.	Certified regular hams.	Laurel regular hams.	Certified bacon.	La ba
<i>By weeks, week ending:</i>					
May 3	\$36.89	\$36.93	\$35.84	\$48.86	\$
May 10	37.74	36.62	35.35	48.56	
May 17	36.46	33.41	33.34	None.	
May 24	37.30	34.68	33.04	49.27	
May 31	37.33	35.70	34.90	49.24	
June 7	37.72	33.05	34.89	49.00	
June 14	37.81	38.00	36.23	48.87	
June 21	37.67	38.29	33.06	48.35	
June 28	37.39	37.90	34.22	49.14	
July 5	37.74	35.71	36.33	45.77	
July 12	37.67	38.06	36.23	48.77	
July 19	39.12	38.49	37.33	48.00	
July 26	39.39	39.41	37.45	48.63	
<i>By months:</i>					
January					
February	34.39	34.79	30.32	44.96	3
March	33.95	32.91	29.73	45.09	3
April	35.70	35.09	31.81	47.48	3
May	36.45	33.90	34.01	48.99	3
June	37.64	35.46	34.94	48.88	3
July	38.24	38.24	36.13	47.78	N

Senator SHEPPARD. Who is your representative here in Washin

Mr. WILSON. He is sitting right here—Mr. Bielman.

Senator ELKINS. Do you sell hams with wrappers on?

Mr. WILSON. Some with wrappers on, and otherwise.

Senator ELKINS. How much are the wrappers here?

Mr. WILSON. That I can not tell you, exactly. Mr. Bielman ca

Chairman BALL. You will just leave that sheet with the con

Mr. WILSON. Yes, sir; I will do that.

In addition to that, I have here the selling price on mutton i
Washington, our selling price on pork loins in Washington cov
over all of that period—the weeks from May 3—and I have als
here the selling price of beef in Philadelphia and mutton in Phila
delphia. I thought you gentlemen would like to see a compariso
Of course you must bear in mind that there will be some variation
between the difference in grades that we ship.

Chairman BALL. One question further on that line. What is th
difference in price in your low-grade meat and your high-grad
meat delivered in Washington—more than 2 or 3 cents a pound?

Mr. WILSON. I should say 10 cents a pound. Mr. Bielman, wha
is your lowest price as against your highest price?

Mr. BIELMAN. Thirteen on the lowest and 23½ on the highest.

Mr. WILSON. That is 10½ cents a pound.

Chairman BALL. That is rather important in our investigation.

(The lists of selling prices of mutton, beef, etc., referred to by
Mr. Wilson are set forth at the end of the witness's testimony.)

Chairman BALL. Are there any further questions you would like to
ask Mr. Wilson?

Senator SHEPPARD. What is your capital?

Mr. WILSON. Our capital is ten millions of preferred—\$10,200,000
preferred and \$20,000,000 of common.

Senator SHEPPARD. What was your percentage of profit last year?

Mr. WILSON. Our percentage of profit last year on our net was a little over 16 per cent. That included, of course, the surplus.

I will say in that connection that the company was restricted last year, as you know, by the Food Administration to a profit of 9 per cent on their investment on food products controlled by the Food Administration. We were not able to make it. We made 5.6 per cent. We made 1.6 per cent on our turnover. The 5.6 per cent was the return on an investment of over \$700,000,000.

I will say further that, in spite of all the talk about profiteering, the packers will not make what they made last year. They will make, in my opinion, less than 5.6 per cent on their investment in those lines that were controlled by the Food Administration, and on their total they will make less than they made last year.

Senator SHEPPARD. Last year, on every \$100 worth of business, you made one dollar and something?

Mr. WILSON. \$1.60 on every \$100 of sales or 1.6 per cent on the turnover, aggregating for the year 5.6 per cent on capital invested in business controlled by the Food Administration. You take a business with \$100,000 invested, and for the year they would have made \$5,600. That is their return. I submit to you that that is not too much.

Senator SHEPPARD. What other packing plants have you besides the one you have indicated?

Mr. WILSON. We have one in Kansas City, one in Oklahoma, one in New York City, one in Natchez, Miss., one in Albert Lea, Minn., a small one at Sioux Falls, S. Dak., one in Wheeling, W. Va.—I think I have covered them all; that is, in this country.

Senator SHEPPARD. Do you have any abroad?

Mr. WILSON. We have three in South America; one in the Argentine and two in Brazil.

Senator SHEPPARD. You have selling branches in other countries?

Mr. WILSON. All over the world, substantially.

Senator SHEPPARD. In France?

Mr. WILSON. Yes, sir.

Senator SHEPPARD. In France, for instance, are there any laws there regulating the price at which you must sell to the retailer?

Mr. WILSON. No. There have been regulations fixing the price at which the retailer may—

Senator SHEPPARD. I understand the retailer is limited by law to a certain percentage on what he pays you.

Mr. WILSON. Yes, sir; but there is no law that acts on our price, because the retailer can not pay more than the price less a fair profit that he is allowed to sell it for.

Senator SHEPPARD. To what extent do you or your company participate in the stock of banks and commission companies that offer credit to cattle producers?

Mr. WILSON. Our company has no interest whatever in any banks. They are interested in a small cattle loan company on the Pacific coast. I neglected to state that we have a plant at Los Angeles. In order to encourage feeding out there, they did, three or four

years ago, before I went with them, organize a cattle loan company at Los Angeles, and they have an interest in the cattle loan company; but they have no interest in cattle loan companies elsewhere and no interest in stockyards anywhere excepting one small stockyard in Jersey City, where we handle cattle for our New York clients.

Senator SHEPPARD. How many different articles of food do you make, approximately?

Mr. WILSON. There are a great many. That we manufacture, you mean?

Senator SHEPPARD. That you deal in.

Mr. WILSON. There are a great many articles. It would be hard for me to say just how many.

Senator SHEPPARD. Could you give us a list?

Mr. WILSON. I would be glad to do so. I do not have it here.

Senator SHEPPARD. To what extent does the Chicago market determine the price of your stuff? Is that the determining market?

Mr. WILSON. Chicago is the leading live-stock market. It is more stuff handled there than any other market in the country, and of course it is watched closely by other markets and no doubt has some influence on the other markets, although it does not control them by any means, because other markets are frequently on a very much higher basis than Chicago, or on a lower basis at times.

Senator SHEPPARD. As to cotton and wheat the foreign market price controls the price everywhere. Is there any such market that in the cattle and live stock business?

Mr. WILSON. No, sir.

Senator SHEPPARD. The Liverpool cotton price is the price of cotton the world over.

Mr. WILSON. Yes, sir.

Senator SHEPPARD. Is not the Chicago price the price that governs in your business?

Mr. WILSON. No, sir; there is no quoted price—

Senator SHEPPARD. Not for cattle, but is there for provisions?

Mr. WILSON. The only provision market is the Chicago Board of Trade, but that only gets a small portion of the pork. Regular quotations are on ribs and lard and barrel pork.

Senator SHEPPARD. The Chicago cattle market is not a regular exchange market, but it has what is known as an auction system, has it not? The cattle are sold to the highest bidder in the yard each day?

Mr. WILSON. Not in that way, Senator.

Senator SHEPPARD. I would like you to explain it.

Mr. WILSON. The cattle are shipped in by the farmer to his commission man in the yards. There are probably a hundred different commission concerns in the Chicago yards, and they are consigned to that commission concern which best suits the shipper. He has expert salesmen, that is, the company has expert salesmen who go out in the yards and receive those cattle and have them placed in certain pens for show to the buyers.

Senator SHEPPARD. Are the packers, so far as you know, interested in those commission concerns?

Mr. WILSON. Not at all. I do not think there is a packer in the country who has any interest in any commission concerns.

Senator SHEPPARD. Proceed with your statement.

Mr. WILSON. When they are ready for show—and they aim to have nearly along about 8 or 9 o'clock in the morning—the buyers, of course, start out, and each concern has anywhere from 1 to 10 or 12 or more. They go out and over different parts of the yards. They go along and ride into a pen and look over the bunch of cattle to buy them. They might buy them right on the spot.

Senator SHEPPARD. They are in competition there with buyers from where?

Mr. WILSON. From everywhere, from the other packers and every-
As I say, he may buy them right on the spot. The commission may ask him a price that he is not willing to pay, and he may

Senator SHEPPARD. Who owns those yards?

Mr. WILSON. The stockyards company.

Senator SHEPPARD. The packers control that company?

Mr. WILSON. There is no packer interested in those yards except I understand Mr. Armour is personally somewhat interested in Chicago yards, but to the best of my knowledge he is the only packer who has any interest in the Chicago yards, and to my mind that interest has nothing to do with market conditions.

Senator SHEPPARD. The public has an idea that the packers own the stockyards, and I think a bill has been introduced with the idea of removing the packers from the control of the stockyards.

Mr. WILSON. You are quite right in that; that is true. The packers do own interests in a great many of the other yards, and, as a matter of fact, the packers control most of the other yards.

Senator SHEPPARD. What do you mean by the other yards?

Mr. WILSON. Kansas City—

Senator SHEPPARD. Outside of Chicago?

Mr. WILSON. Yes, sir.

Senator SHEPPARD. But not in Chicago?

Mr. WILSON. Not so in Chicago.

Senator SHEPPARD. What interest do you own in these yards?

Mr. WILSON. Not any.

Senator SHEPPARD. The commission people?

Mr. WILSON. Not any.

Senator SHEPPARD. Who owns them?

Mr. WILSON. The Chicago yards, other than this interest that Mr. Armour has, are owned by a lot of people. The old Thayer estate is the owner, I think, of the big end of it, and Mr. Prince, I think, now controls it.

Senator SHEPPARD. It is immaterial to you whether the Government or anybody else owns or controls the yards?

Mr. WILSON. It would not make a particle of difference to me excepting that I would like to see whoever does own these keep up the facilities and the service just as good as it is to-day; and while I have no interest, I believe that the present owners of these yards give better service than would be given by outside interests who are not interested in supporting the yards. I know that in many cases in the outside yards the packers' ownership has been a great help to the producer, and continues to be. Take, for instance, the yards at St. Joseph, Mo. Swift & Co. control them. I do not know that they

control them absolutely, but they have enough to practically control them, and I know of many instances where Swift & Co. have supported that market to the disadvantage of Swift & Co's packing-house business, but they have done it in order to keep the receipts coming to sustain that market. Without that support I do not believe that market would have continued as it has. I do not think anybody has suffered through that. I appreciate that there are a great many of the shippers and cattle raisers who figure that they have suffered. I think it is a lack of understanding, more than anything else, and I think that should be eliminated. If it can not be eliminated, then I think something should be done, because it is almost as hurtful to have the belief that it is hurtful as it is to have it actually hurtful.

Senator SHEPPARD. Have you any constructive suggestion along that line? Have you thought out any?

Mr. WILSON. I have been advocating, of course, for sometime co-operation between the packers and the producers to iron out those differences and those difficulties. We have accomplished some things in that direction. There has been some opposition by a certain radical element that has made it impossible to accomplish a hundred per cent, but we have accomplished a great deal, and there is a better understanding of the whole situation between the producer and the packer and of each other. I think ultimately it will be worked out. That is the only solution of the problem after all—cooperation between the different interests, including the Government. I think the Government as a factor should be included, but I think that it will never be worked out simply by legislation. There has to be something back of it. There has to be the whole-hearted support necessary to work it out.

Regarding Government ownership of refrigerator cars, my idea is simply this, and I can express it in a few words. The packers to-day who own refrigerator cars have not enough cars to take care of their business. I do not know who, but somebody is responsible for the suggestion that the small packers suffer because they do not have cars and can not compete with the large packers. I do not think that is a correct statement. The smaller packers have appeared in Washington before different committees, and, as far as I have been able to determine, they have no complaints. But my idea is that it would be a great mistake for the Government to undertake to run the packers' refrigerator cars in any way. If they want to furnish more refrigerator cars to any packers, well and good; let them organize a car company and furnish all the cars they want to. I think that is perfectly all right, but to disturb the present system, to disturb the cars of Wilson & Co. when we have not enough cars to take care of our business, is only going to upset our work and make it impossible for us to operate with the efficiency with which we are operating to-day, and in that case the producer and the consumer are both going to suffer. The producer will suffer because we will not be able to go on regularly and buy cattle and hogs if we can not depend upon our own system of cars to move the property, and the consumer is going to suffer, because I am satisfied that with the change in the method of handling these cars we are not going to be able to uninterruptedly ship our products to the consuming centers.

Senator SHEPPARD. Would it reduce your cost of transportation to establish this refrigerator-car system?

Mr. WILSON. No. We were compelled to establish them because the railroads did not have them and would not furnish them, and of necessity we went out and purchased these cars and established the line because we could not get them elsewhere. I do not think any packer would care a bit about not having the cars if they had some assurance that they were going to be furnished cars by someone else, but they do not believe that the Government would furnish them or that the railroad administration would furnish them, and we are satisfied that the industry would suffer.

Senator DIAL. Mr. Wilson, is there not a standard cattle law with regard to the production of cattle in the different States?

Mr. WILSON. There are all kinds of offers being made to encourage the production, that is, to increase the number and improve the quality.

Senator DIAL. I thought there was some standard legislation passed in the different States?

Mr. WILSON. The Department of Agriculture is constantly working along that line. They have done wonderful work in many respects. They have done wonderful work in the southwestern country in the way of eradicating the tick, which not only improves the production but also increases the production. They are also working on the eradication of tuberculosis. Congress has appropriated \$2,000,000 this year for that purpose, which is a wonderful work and which improves production, not only in quality, but in numbers. In many ways the Government is doing constructive work through the Department of Agriculture.

Senator DIAL. I thought we were raising more cattle in the South, and it was suggested that the State laws were not broad enough as to marketing and various other things.

Mr. WILSON. Branding.

Senator DIAL. Branding, yes; and I understand they had a standard bill they wanted to pass.

Mr. WILSON. I don't know of any standard. Of course, we have the branding laws. Those are mostly cattle raisers' associations rules and regulations, however. They are not Federal laws. But there are a great many Federal laws that do affect the production of cattle. There has been a great effort on the part of the producers and the breeders to improve the cattle in the southern country, and a great many pure-bred bulls have gone into that country, and there has been a rather marked improvement in the product coming out of there as a result. The Government has also done much work in the eradication of the tick in the Southern States.

Senator DIAL. It has been eradicated in my part of the country. One statement was made to the effect that one reason why we had not been more successful was that the laws in the States were not sufficient.

Mr. WILSON. I am not familiar with all the State laws.

Senator DIAL. That applies more particularly to North Carolina, South Carolina, Florida, and Georgia.

Senator CAPPER. How large is the cold-storage capacity of your company?

Mr. WILSON. Of course, the term "cold storage" covers a number of things. We have what we call our cooler rooms, which handle the carcass beef and the carcass hogs. Then we have, in addition, our cellars where we do our curing of pork and beef products. Then we have the freezers, which carry the stuff in a frozen condition. Taking it all, we have probably 75,000,000 pounds capacity. But that is not what is known by the common use of the word "cold storage." Mostly it is manufacturing and curing space. You take in the beef chill rooms, which represent a good portion of it; that is in and out all the time. Our beef comes in to-day, and the day after to-morrow we commence shipping that out to these branches all over the country.

Senator CAPPER. You do not hold any considerable quantity of it for any length of time?

Mr. WILSON. No; a very small percentage of it; practically no beef. We do at times put a little beef away when we can not possibly get rid of it and when we have room, and if we are anticipating a boat for export or something of that kind, we put beef away.

Senator SHEPPARD. You say cattle are arriving every day?

Mr. WILSON. Yes; excepting on Sunday.

Senator SHEPPARD. Every day in the year?

Mr. WILSON. Well, they might not on holidays.

Senator SHEPPARD. Through the different seasons?

Mr. WILSON. Every day in the year excepting Sunday, and in some markets on Saturdays they do not receive any cattle; not because there is any rule against it, but it is not really a market day, and they can not be slaughtered on Sunday.

Senator SHEPPARD. But they are being unloaded from the cars on Saturday?

Mr. WILSON. Yes; they would unload them if they arrived on Sunday, and they would be prepared for the market on Monday morning.

Senator DIAL. Does the price vary very much in the yards?

Mr. WILSON. Yes, sir; a great deal. I have seen cases where men who are supposed to be experts vary as much as a dollar a hundred on cattle within a half hour of each other. It is just a matter of opinion and judgment of the buyer as to what he thinks the beef will dress and the quality of it, etc.: but ordinarily it does not vary much. It ought not to vary 10 or 15 cents on the average, because the judgment of the men who are buying the stuff every day will run pretty uniform.

Senator CAPPER. Is your company still in the grocery business?

Mr. WILSON. We were, but have recently sold all our manufacturing grocery line to the Austin-Nichols concern, and we are out of that end of it. That includes our vegetable plants, our salmon plants, and our catsup plants, chili sauce, tomatoes, corn, and peas; and all of that we have sold to the Austin-Nichols concern.

Senator CAPPER. Here is something that puzzles the folk out in Kansas. You will remember that about April 1 the price of live cattle began going down and continued going down for three months. I think there was a slump there at one time that amounted to pretty nearly \$5 a hundred. About the same time, about April 1, the price of hides began to steadily increase, and they got higher every week and are probably higher now than they were at that time.

Mr. WILSON. They are higher now than they ever were in the history of the business.

Senator CAPPER. We do not understand that.

Mr. WILSON. I would like to tell you my version of it. There was a great demand for hides all through the war period. The hides were bought as fast as they were made, and there was practically no accumulation of hides when the armistice was signed, but there was a great demand for leather, for domestic shoes other than for Army use, and the packers, I think every one of them, sold their hides just as fast as they made them. We had sold our hides just as fast as we made them. We have had no accumulation, and we have sold them at the price we were bid for them. The benefit of all of that has gone to the price of beef. We give credit to the beef for the hide, and had it not been for that, this beef would have had to bring more money.

Senator CAPPER. Who buys most of your hides?

Mr. WILSON. Different tanneries all over the country.

Senator CAPPER. You are not in the tanning business?

Mr. WILSON. We are not, but I should not say not at all, because we have one little tannery in Pittsburgh that handles about 150 hides a day. It is substantially nothing. Otherwise, our hides are all sold on the market to the highest bidder. It was simply a case of supply and demand. These tanners wanted the hides and they paid the price and they got them. We have no accumulation; we have no unsold hides, and we are selling them just as fast as we make them.

Senator CAPPER. I would like to ask your opinion, as a business man, on a question which possibly has not a direct bearing on this investigation. All the talk now is about profiteering and the high cost of living. The people are stirred up as they never have been before, and they are asking Congress and everybody else down here to do something. What suggestion, as a business man, would you make to Congress or to those in authority here in Washington as to a remedy?

Mr. WILSON. That, of course, is a big problem. My suggestion to Congress would be to not be rushed off their feet, in the first place. This is not a local proposition; this is a world's proposition; and it is not one that will be solved in a minute, and it is not one that is peculiar to America. The world is still, in my opinion, on a big holiday. People are spending money lavishly and they are not producing. Until those two conditions are changed, things are not going to change very much, no matter what sort of artificial pressure is put on it, until the world commences to produce, and they come to their senses and realize that the war is over and we have a changed condition to meet and sober down and quit spending money like drunken sailors all over the world, conditions are not going to change. I have been all over Europe within the last two months, and it is the same story everywhere. It is just one big grand holiday. The people are not serious about anything with regard to the future, and until they are and until the world begins to produce and they stop spending money as they are spending it, this condition will not be changed, I do not care what is done here in Washington.

I do not approve of profiteering any more than you do. I think anybody under these conditions who would profiteer to the extent that has been claimed should be punished, and there are plenty of laws with which to punish anybody, in my opinion, who may be doing that kind of thing. If the packers are doing the things that the Federal Trade Commission claims they are doing, there are plenty of laws with which to punish them. I say they are not doing those things. I say facts and figures show that they are not doing them, and if the Federal Trade Commission would produce the facts they have before them everybody would be convinced that the packers are not doing the things that they are accused of doing. But if they are really doing them, there are laws enough to punish them, and they should be punished. The books of the packers are open. Statements have been made that our books are so kept that you can not tell anything about them; that we have two sets of books in some instances. I say to you that that is all rot. The books are not as complicated as they try to make you believe. Any good first-class certified accountant can make an analysis of our books, or the books of any of the packers, and determine these things, and they should be determined, not only in justice to the packers, but to society. They should be absolutely determined and there should be nothing else done until they know absolutely what the facts are. Until that is done, I say, regardless of what you men may do and regardless of what Congress may do, the problem will not be solved.

I would like to say that there is nothing about our business that you men are not welcome to know, and I am sincere about that; I mean it absolutely. If there is anything that occurs to you that you would like to have in figures or statements, we shall be glad to furnish them, or I will arrange so that you may put accountants on our books, any recognized, certified accountants; I do not care who they are; and you may obtain anything you want and we will assist in that. We will give you nothing but what we believe in and feel we are absolutely correct about.

Chairman BALL. Mr. Wilson, the committee appreciates your assistance in this investigation and your coming here from Chicago.

Mr. WILSON. I am delighted to do it; because this is a problem which not only touches the packing business, but touches the whole country. It ought to be solved, and solved thoroughly and intelligently, and I believe you gentlemen are in a position to do it.

Senator SHERMAN. Mr. Chairman, may I ask a few questions?

Chairman BALL. Certainly.

Senator SHERMAN. Mr. Wilson, you realize that the courts are open for violation of any existing law, and you have already stated that if there are any such violations as have been charged, that on establishing that fact by proof, proper punishment would be meted out.

Mr. WILSON. Absolutely, and I will say to you that if any set of men in the world are gun-shy it is the packers on the proposition of violating the law, because they have been hounded for years now; and if any set of men in the world are trying to live within the law, the packers are, and if they are not, they ought to find it out.

Senator SHEPPARD. But there is no law against extortionate retail prices at present, is there?

Senator SHERMAN. No. I want to make some inquiries about that. Mr. Wilson, the food products of your company go to the retail trade?

Mr. WILSON. Yes, sir.

Senator SHERMAN. When you sell meat products, it is an absolutely outright sale, is it not?

Mr. WILSON. Entirely; yes, sir.

Senator SHERMAN. It goes to the meat-market man or the retail dealer, and you, Wilson & Co., part with control of the product?

Mr. WILSON. Correct.

Senator SHERMAN. The title passes to others?

Mr. WILSON. Yes, sir.

Senator SHERMAN. You sell either for cash or approved credit, whatever the arrangements are?

Mr. WILSON. Yes, sir.

Senator SHERMAN. After the beef or other meat products has passed from the hands of Wilson & Co. to the retail dealer, do you try to exercise any control over the retail prices?

Mr. WILSON. No, we do not; not at all.

Senator SHERMAN. Then, the prices at which the retailer sells to the consumer is a matter controlled entirely by the retailers?

Mr. WILSON. Yes, sir.

Senator SHERMAN. Does your company attempt to exercise any control over the retail price fixed by the retailer to the consumer?

Mr. WILSON. Not at all; no, sir.

Senator SHERMAN. The inquiry I made a while ago was purely with reference to the packers themselves. If they had violated any law, you realized that the courts are open, and upon proof of violation of the law penalties would be inflicted. Are your books open, and have they been examined in past years by accountants and by representatives of the Government?

Mr. WILSON. In the past year and a half I do not think there has been hardly a day but what accountants have been on our books from the Federal Trade Commission. The Treasury Department, of course, has checked our books from time to time in connection with our tax returns. But the Federal Trade Commission has had access to them and has been on them almost constantly. Then, in addition, of course, we have furnished to the Food Administration endless figures and facts from our books.

Senator SHERMAN. Then, in connection with income-tax returns to the Internal Revenue Bureau, your accounts are frequently inspected by internal-revenue deputies and other accountants?

Mr. WILSON. Yes, sir.

Senator SHERMAN. So that your books are known to public officials?

Mr. WILSON. Yes; and, in addition to that, our books are audited—the entire year's business is audited by certified public accountants, such as Price-Waterhouse.

Senator SHERMAN. Are those American accountants?

Mr. WILSON. Yes.

Senator SHERMAN. Are they competent men?

Mr. WILSON. They are very, very high grade, capable people, and recognized as such.

Senator SHERMAN. Something was said about other lines of chandise than meats. You will give us a list of those later on?

Mr. WILSON. Yes.

Senator SHERMAN. They are sometimes referred to as unrelated lines of merchandise?

Mr. WILSON. Yes.

Senator SHERMAN. Have you explained—I have not been here the time—how Wilson & Co. took on these unrelated lines; what to it?

Mr. WILSON. No; I did not explain that, but I shall be very glad to do so. You have in mind, I presume, what is commonly called grocery line?

Senator SHERMAN. The grocery line, canned goods.

Mr. WILSON. We took them on because we felt that we had selling and distributing facilities throughout the country to handle them economically. There are certain periods of the year when we are running rather slack in one line or another of the meats. Certain times in the year we are low on beef, for instance, and certain times on pork. We maintain that same selling organization and the same people in Washington, for instance, who handle meats handle these other lines commonly called the grocery lines. We were able to include them in our sales organization and in our delivery organization and in our branch-house organization with no additional overhead expense and no additional selling expense and no additional delivery expense. That brought down our overhead on our meat business, and in that way we figure that the consumer is helped and the producer is helped, because if we do not have the lines, if we do not save that overhead—that is, reduce that overhead—we must spread a larger overhead over the meat lines and in that way we either have to buy our cattle for less money or sell the meat for more money, if we can not take up that slack with the grocery line. We do feel that we have facilities for handling the lines that we handle to a certain extent, and it does not mean to control the grocery lines, or come anywhere near it. I would like to say right here that the total volume handled by all of the packers last year would amount to a hundred million dollars.

Senator SHERMAN. That is, in the so-called unrelated lines?

Mr. WILSON. The volume handled by all of the packers last year in the so-called unrelated lines would not amount to a hundred million dollars, and their total business was over two billion and a hundred millions. Now, the grocery lines handled by grocers was over four billions. You will see what a small proportion we are handling; 100,000,000 out of 4,000,000,000 of the grocery business. (The list of products, to which reference is made, follows:)

List of products handled by Wilson & Co.

Carcass beef, fresh and frozen.
Carcass veal, fresh and frozen.
Carcass mutton, fresh and frozen.
Dressed hogs, fresh and frozen.
Beef cuts, fresh and frozen.
Veal cuts, fresh and frozen.
Mutton cuts, fresh and frozen.
Pork cuts, fresh and frozen.

Beef offal, fresh and frozen.
Veal offal, fresh and frozen.
Mutton offal, fresh and frozen.
Hog offal, fresh and frozen.
Beef hams, pickled and smoked.
Sweet pickle cured pork.
Dry salt-cured pork.
Sausage, fresh, cooked, and pickled.

Summer sausage.
 Billed hams.
 Billed shoulders.
 Billed pork loins.
 Neutral lard.
 Kettle-rendered lard.
 Pure lard.
 Shortening.
 Vegetable oils.
 Cooking oils.
 Pigs' feet, fresh and pickled.
 Smoked meats, pork and beef.
 Barreled beef.
 Canned meat and specialties.
 Beef extract.
 Preserves, jam, and jellies.
 Catsup and chili sauce.
 Fountain syrups and accessories.
 Canned and barreled fish.
 Minced meat, wet and condensed.
 Canned vegetables.
 Canned fruits.
 Evaporated milk.
 Roasted coffee.
 Olives.
 Oleomargarine.
 Poultry.
 Butter.

Eggs.
 Cheese.
 Beef casings, salted.
 Sheep casings, salted.
 Hog casings, salted.
 Prime steam lard.
 Oleo oils.
 Oleo stearine.
 Neatsfoot oil.
 Edible tallow.
 Inedible tallow.
 Greases.
 Lard stearine and lard oil, inedible.
 Dried blood.
 Dried tankage.
 Animal and poultry foods.
 Bones and glue.
 Cattle hides.
 Leather.
 Calf and kip skins.
 Sheepskins, pickled.
 Wool.
 Hog hair.
 Curled hair.
 Surgical ligatures, pharmaceutical compounds, tissue extracts (all animal products).
 Sporting goods.

Senator SHERMAN. You spoke of facilities for distribution. Will you begin with the refrigerator car and show what otherwise would be unloaded or dead space in traveling or in transportation that could not be used unless it were filled in by these grocery lines?

Mr. WILSON. There are frequently times when even if we have a full load of beef, the beef is hung on the rails from the ceiling and it raises off the floor maybe 2 feet, and many times we are able to increase the load by putting it under the beef. But, contrary to the general supposition, we do not get that in there for nothing; we pay the full commodity rate on that just the same as the grocer would pay it.

Senator SHERMAN. Whenever that line of merchandise is put in a refrigerator car, you pay some transportation charges on that commodity, a commodity rate, that any other shipper would pay?

Mr. WILSON. Exactly.

Senator SHERMAN. You pay that under your contract? The rate is fixed?

Mr. WILSON. Yes, sir.

Senator SHERMAN. Is that known to the Interstate Commerce Commission here?

Mr. WILSON. Absolutely, and it would be a violation of the law to do otherwise, and it is not done.

Senator SHERMAN. Is the rate given you any more favorable than would be given other shippers?

Mr. WILSON. Not at all. It is exactly the same. It is a published tariff for the use of everybody.

Senator SHERMAN. Are there any times when there are empty refrigerator cars on the return trip? Where they have been taken out some hundreds of miles with dressed beef, those cars must come back to some central point?

Mr. WILSON. Yes.

Senator SHERMAN. On the return trip are you able to use any of the cars?

Mr. WILSON. Not to any great extent.

Senator SHERMAN. That does not amount to much?

Mr. WILSON. No; very little. In the first place, it would be detrimental to the car and it would be detrimental to the beef product to use it for miscellaneous stuff involving certain lines.

Senator SHERMAN. I was just going to ask you that question.

Mr. WILSON. If they would load coal or bulk vegetables, or things of that kind, it would damage the car and would be detrimental to the handling of beef on the next trip.

Senator SHERMAN. Is there any requirement that these refrigerator cars must be kept free from odors?

Mr. WILSON. There certainly is, and they have to be kept clean in a scientific manner all the time. It is just like your home ice box. If you do not take care of that, you have ptomaine poisoning. That is a little bit worse than that, because this is a constant proposition but similar.

Senator SHERMAN. In the carriage of grocery lines, under the things hung on to beams, that is most package or canned stuff?

Mr. WILSON. Altogether package stuff.

Senator SHERMAN. And it is not possible for odors to escape from those packages?

Mr. WILSON. No. We would not dare ship anything that gives off an odor, because the beef would pick it up very rapidly.

Senator SHERMAN. Fresh beef is very much like butter or milk in that respect, is it not?

Mr. WILSON. It is very sensitive and would absorb a foreign odor very quickly.

Senator SHERMAN. It makes it impossible to ship such vegetables as onions?

Mr. WILSON. We could not ship them. Judgment has to be used in that respect.

Senator SHERMAN. The miscellaneous use of a refrigerator car would very largely impair its usefulness for meat transportation purposes, would it not?

Mr. WILSON. Very largely.

Senator SHERMAN. I would like to have it made a little plain to show how the packers began to construct refrigerator cars in the first instance.

Mr. WILSON. That is the only way they had of getting their meat. Nobody would furnish them. The railroads would not furnish them. In the first place, the railroads did not believe in them. Prior to the time when the packers originated the idea of shipping fresh meats, live cattle were shipped and slaughtered and the offal was pretty much wasted at the slaughtering point, but when the packers invented the idea of the refrigerator cars the railroad people did not believe in them.

Senator SHERMAN. Are efforts made by the heads of railroads to build refrigerator cars and furnish them to the packing houses?

Mr. WILSON. Not to any great extent. There are some railroad lines that started refrigerator lines. After the thing was pretty well developed they did that to some extent, but that generally died out too.

Senator SHERMAN. Who was the first developer of the refrigerator car?

Mr. WILSON. Naturally, being an old Morris man. I would say Nelson-Morris, but I think that has been claimed by Mr. Swift, and Mr. Morris, and others.

Senator SHERMAN. It was a little ahead of my time, although I remember something about it. I have heard various claims made by various people.

Mr. WILSON. They were all at it at various times, and I think they all worked at it about the same time.

Senator SHERMAN. Before the refrigerator car came in, what was the market for fresh dressed meats; what zone or limit was there?

Mr. WILSON. It was in the immediate vicinity of the slaughtering house, excepting in the winter time, when they would put it into a box car and let nature freeze it and take a chance.

Senator SHERMAN. What has been the effect, if any, of this introduction of the refrigerator car on the dressed meat service?

Mr. WILSON. It has really opened up the markets of the world to the American cattle and hogs and made it possible for the consumers of this country in every little hamlet, every village, to have fresh beef every day in perfect condition, which was not possible before, and you know without my telling you what the conditions were surrounding the little local slaughter houses, especially in the summer time.

Senator SHERMAN. To what extent are steers shipped on the hoof for the export trade now?

Mr. WILSON. Substantially none. There have been just a few shipped during the past six weeks. On account of the shortage of live stock in Europe there has been just a few shipped, but a very few. Belgium has taken—oh, I think, 3,000 or 4,000 cattle would cover all that have been exported. We can not compete in shipping live cattle with fresh and frozen meat from South America or from this country.

Senator SHERMAN. Since refrigeration has developed, beef for the export trade has largely gone in dressed form or preserved form?

Mr. WILSON. Yes; that is, beef is altogether that way, either just chilled or frozen. Pork, of course, goes mostly cured.

Senator SHERMAN. You spoke a while ago about the buyers from the different packing houses going to the yards and pens and making their purchases. I want to ask you if each packer buys on his own responsibility without any understanding with other packers?

Mr. WILSON. Absolutely.

Senator SHERMAN. Is there any combination between the packers?

Mr. WILSON. Absolutely none.

Senator SHERMAN. If there is a uniformity of price bid on a certain grade of steers or sheep or pork or hogs, what is the cause of that uniformity?

Mr. WILSON. Well, it is because the judgment of the buyers agrees, that is all.

Senator SHERMAN. I believe you stated a while ago that—

Mr. WILSON. There is a constant variation.

Senator SHERMAN. I believe you stated that there was some variation and it was purely one of judgment.

Mr. WILSON. Yes; and that is another place where the Federal Trade Commission errs to a certain extent and does the packing industry a great injustice. They recognize in the packing industry a potential power which is not used and could not be used. If it were, it would be used in absolute violation of all the laws, and it could not go on two weeks without it being known by everybody. There is no concern in this country who could agree with another concern on the price he would pay for cattle without a hundred men knowing of it. In spite of all the talk that the Federal Trade Commission has made, they have not brought a man forward to show that there is anything of that kind done. If such a thing were done, there would be plenty of fellows ready to come forward and tell about it. That is the trouble with their whole scheme. They base it on the potential power that is not used. There are lots of things which might be done in this world if people would go out and do them that would be illegal, just the same as I might go out and shoot a man if I had a gun in my hand, but that does not prove that I am doing it.

Senator SHERMAN. Or that it would not absolve you from the consequences?

Mr. WILSON. No.

Senator SHERMAN. Would it absolve in any way the packers from the consequences if they enter into any such thing?

Mr. WILSON. Not at all.

Senator SHERMAN. Let me inquire about these commission men. How many are there, say, in Chicago?

Mr. WILSON. Not less than 100, probably more, that is, commission companies, and that would mean maybe a thousand men with their different employees, and they have employed the best cattle salesmen in the country, paying extravagant prices to get the best.

Senator SHERMAN. The commission companies are paid by the cattle raisers, the live-stock raisers?

Mr. WILSON. Yes.

Senator SHERMAN. They have their own line of clients out among stock raisers and farmers in the various States that are tributary to that market?

Mr. WILSON. Yes, sir; that is correct.

Senator SHERMAN. Is that the same practice in all the yards?

Mr. WILSON. They are all alike.

Senator SHERMAN. You are familiar with the practices, are you?

Mr. WILSON. Yes, sir; they all have the same method.

Senator SHERMAN. Is there any combination or collusion between the commission companies and the packers?

Mr. WILSON. None whatever.

Senator SHERMAN. Have you any objections, Mr. Wilson, to the Government's constructing, while it has charge of the railroads under the war power act, refrigerator cars and leasing them to whoever needs them?

Mr. WILSON. No objection at all. I would be very glad, indeed, to see them do it if there is a need for them, and I think there is a shortage of refrigerator cars. I would like to have them construct some and have them lease some to me.

Senator SHERMAN. You would be very glad to become a customer of the Government?

Mr. WILSON. Yes, sir; I would make a deal with them now for a thousand cars.

Senator SHERMAN. In the event that were done, do you think that would facilitate the distribution of meat and have a possible tendency to improve prices?

Mr. WILSON. There would be times when that would be helpful, because there are times—take in the winter months—when transportation is bad, resulting from storms, etc. There are times when none of us have cars enough to take care of our business. We do not feel like carrying cars throughout the year to take care of two or three weeks when railroad shipping might be upset, but if the Government would step in and take that lug, it would help the situation.

Senator SHERMAN. Possibly this is out of your scope of activity, but do you know what the percentage is by the retailer to the consumer when he sells the beef, what it averages?

Mr. WILSON. There is a very great variation in that, Senator, and it would take a very wide margin to cover the variation.

Senator SHERMAN. You exercise no discrimination based on any retail selling price of the retailer? He can make his own price without any interference by you or your company?

Mr. WILSON. We have nothing to say at all with reference to the prices that he makes; nothing whatever.

Senator SHERMAN. He can sell it for the best price or as low as he pleases?

Mr. WILSON. Yes.

Senator SHERMAN. I have several times seen advertisements in Washington to the effect that the meat market men have quoted beef at 12½ and 15 cents per pound. Can you conceive what kind of beef that would be?

Mr. WILSON. It might be the coarser cuts of even good beef, or it might be the best cuts of coarse beef. Take the cheapest grade of cow beef, for instance, that our man says he is selling here for 13½ cents. Some parts of that they might readily sell for the price you mention.

Senator SHERMAN. There is a great difference in beef on the hoof, is there not?

Mr. WILSON. A very great difference.

Senator SHERMAN. Take a fattened cow that has been put on corn and is past the milking stage. If she is fed up, that makes a certain grade of beef when slaughtered, does it not?

Mr. WILSON. Yes, sir; depending on what she is and her age, condition, etc. Her price would be set.

Senator SHERMAN. What would be the price of an average cow of that kind compared with a 2 or 3 year old corn-fed native northern steer?

Mr. WILSON. It depends altogether on the quality and condition, ranging anywhere from 7 cents a pound up to the highest price of to-day, which now is maybe 18½ cents, or around there, for the best steer.

Senator SHERMAN. Has there been any depreciation in the price of cattle on the hoof in the principal markets of the United States within the last 60 days?

Mr. WILSON. Yes. The Trade Commission is comparing prices of the industry a great deal. It is compared with prices a potential power will be a very substantial reduction. it would be used in the comparison for the first of the not go on two weeks. It has been, as I stated here a while no concern in the price of anything anywhere from 3 to 5 cent on the price here. The prices are higher than they were to of it. In spite of that, the prices are higher than they were to has made, then, the prices are higher than they were to is anything of that kind. It is corn and everything else be plenty of it. Do you have special employees of your power that are sent to the refrigerator cars? done in the city. Do you send those employees with the car illegal, just as you do not send them with the cars. in my line of business we do not send them with the cars.

Senator Capper. In certain portions of the year at the icing points, consequently, we have a man to supervise the icing of

Mr. Wilson. That is part of the trip, but we do not send men

Senator Capper. Do you pay anything to the railroads for the use of the refrigerator cars after they are emptied?

Mr. Wilson. That is figured in the rate.

How many refrigerator cars have the railroads any refrigerator cars

Mr. Wilson. Nothing to amount to anything, and very, very

Mr. Wilson. They have a few refrigerator cars that they use for fruit and vegetables and things of that kind.

Senator Capper. Do you have any for fruits and vegetables?

Mr. Wilson. No, we do not handle any bulk fruits or vegetables.

Senator Capper. I wonder if you can give us information as to

the consumption of goods of all kinds in the city of Washington.

Mr. Wilson. I am sure that that would be obtainable here, either

through the Bureau of Markets or through the Food Administration.

Senator Capper. Would not have anything other than the volume of our own business?

Mr. Wilson. What is that, Mr. Wilson?

Mr. Wilson. We do about \$3,000,000 worth of business a year.

Senator Capper. Your local representative is going to give us

Washington prices, is he not?

Mr. Wilson. I have already given you those.

Senator Capper. Were those Washington prices?

Mr. Wilson. Yes.

Chairman Hale. Senator Capper thought they were Chicago

Mr. Wilson. No, I gave those as Washington prices. If you

would the prices on those different cuts, I shall be glad to have him

give you those prices. He can put it down and submit it to you.

Chairman Hale. You had better give us that information.

Mr. Wilson. I would like to give you one or two items of corn

prices here, for the purpose of which I will take the publisher

figures of Swift & Co., who claim to have made \$21,000,000 last year on a business of a billion two hundred million. The Steel Co., on the same volume of business, or a little more, made nearly seven times what the packer made, on substantially the same volume of business.

Senator SHEPPARD. That is the United States Steel Co.?

Mr. WILSON. Yes, sir. It has been generally conceded that the packers did not make over a half a cent a pound on all fresh meat sold during the year 1918. The Food Administration and the Department of Agriculture show that the average consumption of meat in this country for the year 1918 was 180 pounds per person. All the profits that the packers of this country have gotten from the people on that basis, figuring that they did get 50 cents per hundred pounds, or a half cent per pound, would amount to 90 cents per person. You have paid to the packer 90 cents as his profit for the meat that you have consumed during the year. You pay that much profit on a necktie. On all the meat that you consumed the last year you paid the packer on that basis 90 cents profit.

Senator SHERMAN. May I inquire about something that has occurred to me? Do you sell in these so-called unrelated merchandise lines to the jobber, or do you sell direct to the dealer?

Mr. WILSON. We have sold to the jobbers. We sold both ways. Before we sold our manufacturing plants we sold a good deal to the jobbers. I presume that will be discontinued, because we are not manufacturers of those lines now. We have disposed of them within a month.

Senator SHERMAN. Your selling, then, will be to the retail dealer?

Mr. WILSON. That will be all that we will be able to do, I presume.

Senator SHERMAN. At the different branches in the country, where you have a sales department to handle your dressed meats and other meat products, where these grocery lines come into that branch, the same selling force handles the grocery line that handles your meats?

Mr. WILSON. Yes; with this exception, that occasionally we will put on a man, just one man, that we call a specialty salesman. He will confine himself to that line, which may be one or two of our specialty lines; for instance, butterine, which is purely a packing-house product, or sausage. We may have that one man cover just those three lines, the grocery line and the sausage and the butterine; but, ordinarily it is done by the same organization.

Senator SHERMAN. You make no retail sales at all?

Mr. WILSON. None at all.

Senator SHERMAN. You do not sell to the consumer in those branch houses?

Mr. WILSON. No, sir.

Senator SHERMAN. You sell to the local dealer.

Mr. WILSON. Yes, sir.

(The various lists to which reference was made follow:)

Average prices of beef, smoked meats, and fresh pork, 1919.

WASHINGTON, D. C.

MUTTON.

	A verage cost per hundred- weight.	A verage selling price per hundred- weight.	M
Week ending:			
May 3.....	\$30.94	\$28.52	-
May 10.....	31.26	28.12	-
May 17.....	29.60	28.28	-
May 24.....	30.40	31.73	-
June 7.....	30.03	27.62	-
June 14.....	29.01	22.80	-
June 21.....	31.51	29.45	-
June 28.....	15.68	14.34	-
July 5.....	26.92	24.57	-
July 12.....	28.40	23.88	-
Total average.....	29.27	26.48	-
January.....	26.00	28.87	-
February.....	27.21	26.40	-
March.....	30.88	32.31	-
April.....	31.01	30.44	-
May.....	30.39	29.28	-
June.....	29.80	25.98	-
July.....	27.57	24.15	-
Total average.....	29.77	28.41	-

PORK LOINS, AVERAGE SELLING PRICE PER HUNDREDWEIGHT.

Week ending:		Week ending:	
May 3.....	\$32.79	June 28.....	
May 10.....	32.97	July 5.....	
May 17.....	32.64	July 12.....	
May 24.....	34.04	July 19.....	
May 31.....	34.37	July 26.....	
June 7.....	34.20		
June 14.....	29.46	Total average.....	
June 21.....	30.48		

PORK SHOULDERS, AVERAGE SELLING PRICE PER HUNDREDWEIGHT.

Week ending:		
May 10.....		
May 24.....		
May 31.....		
Total average.....		

prices of beef, smoked meats, and fresh pork, 1919—Continued.

WASHINGTON, D. C.—Continued.

BEEF.

	Average cost per hundred- weight.	Average selling price per hundred- weight.	Margin.
	\$22.60	\$21.85	—\$0.75
	23.14	22.79	— .35
	22.33	21.08	— 1.25
	22.21	21.84	— .37
	21.49	21.24	— .25
	21.29	20.43	— .86
	21.13	17.13	— 4.00
	19.58	16.50	— 3.08
	18.14	16.16	— 1.98
	17.60	17.69	+ .09
	17.50	18.09	+ .79
	18.54	19.74	+ 1.20
	19.04	19.11	+ .07
Average	19.84	19.19	— .65
	20.97	21.61	+ .64
	20.83	19.71	— 1.12
	23.27	22.52	— .75
	23.01	22.76	— .25
	22.43	21.74	— .69
	19.69	18.87	— .82
	18.03	17.39	— .64
Average	20.75	20.15	— .60

HAMS AND BACON.

	Average selling prices per hundredweight.				
	Certified skinned hams.	Certified regular hams.	Laurel regular hams.	Certified bacon.	Laurel bacon.
	\$36.89	\$36.93	\$35.84	\$48.86	\$38.22
	37.74	36.62	35.35	48.56	37.39
	36.46	33.41	33.34		39.11
	37.30	34.68	33.04	49.27	39.32
	37.33	35.70	34.90	49.24	39.36
	37.72	33.05	34.89	49.00	
	37.81	38.00	36.23	48.87	
	37.67	38.29	33.06	48.35	
	37.39	37.90	34.22	49.14	
	37.74	35.71	36.33	45.77	
	37.67	38.06	36.23	48.77	
	39.12	38.49	37.33	48.00	
	39.39	39.41	37.45	48.63	
	34.39	34.79	30.32	44.96	36.27
	33.95	32.91	29.73	45.09	35.07
	35.70	35.09	31.81	47.48	37.77
	36.45	33.90	34.01	48.99	39.00
	37.64	35.46	34.94	48.88	39.36
	38.24	38.21	36.13	47.78	

Average prices of beef, smoked meats, and fresh pork, 1919—Continued

PHILADELPHIA, PA.

BEEF.

	Average cost per hundred- weight.	Average selling price per hundred- weight.	B
Weeks ending:			
May 3.....	\$21.89	\$20.40	
May 10.....	22.25	21.38	
May 17.....	23.20	22.17	
May 24.....	22.27	21.61	
May 31.....	22.10	20.52	
June 7.....	21.24	17.88	
June 14.....	19.76	15.56	
June 21.....	18.10	16.58	
June 28.....	18.56	18.06	
July 5.....	17.69	18.70	
July 12.....	17.16	17.66	
July 19.....	19.62	20.28	
July 26.....	18.94	17.71	
Total average.....	20.28	19.03	
January.....	20.54	19.74	—
February.....	21.60	20.46	—
March.....	23.21	21.85	—
April.....	22.95	21.57	—
May.....	22.11	21.39	—
June.....	19.74	17.71	—
July.....	18.44	18.50	—
Total average.....	21.69	20.37	—

MUTTON.

Week ending:			
May 3.....	\$31.56	\$30.02	—
May 10.....	29.49	27.25	—
May 17.....	31.10	25.98	—
May 24.....	29.89	29.01	—
May 31.....	31.44	28.06	—
June 7.....	29.39	29.15	—
June 14.....	29.12	25.26	—
June 21.....	29.55	25.58	—
June 28.....	29.52	23.63	—
July 5.....	25.18	21.34	—
July 12.....	26.98	22.94	—
Total average.....	29.49	26.50	—
January.....	26.70	26.90	+
February.....	27.71	27.46	—
March.....	30.94	31.29	+
April.....	32.70	29.91	—
May.....	30.57	27.77	—
June.....	30.00	26.85	—
July.....	27.33	22.53	—
Total average.....	29.63	27.78	—

STATE OF ILLINOIS,

County of Cook, ss:

Personally appeared before me, Thos. E. Wilson, of Chicago, Ill., who, under oath, stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 6, 1919, having been read to him, is the truth to the best of his knowledge and belief.

[SEAL.]

CYNTHIA R. KELLY,
Notary Public.

AUGUST 18, 1919.

My commission expires May 11, 1921.

STATEMENT OF MR. JOSEPH L. BIELMAN, MANAGER FOR WILSON & CO., WASHINGTON, D. C.

Chairman BALL. What is your full name?

Mr. BIELMAN. Joseph L. Bielman.

Chairman BALL. You represent Wilson & Co. here in Washington?

Mr. BIELMAN. Yes.

Chairman BALL. We would like to have your Washington prices.

Mr. BIELMAN. That is, on the beef cuts?

Chairman BALL. On the beef and on the original packages, hams, and so forth.

Mr. BIELMAN. Mr. Wilson gave you that in that pamphlet there. I did not bring the average prices with me.

Chairman BALL. He gave us everything but the cuts. You just give us the cuts.

Mr. BIELMAN. I have the cuts here and can give them to you. I will give you these in two different grades.

Senator SHEPPARD. First, tell us the smallest quantities in which you sell to the retailer.

Mr. BIELMAN. I presume we cut 65 per cent of our beef into cuts. In some markets they cut very little beef, but in Washington here we cut considerable.

Senator SHEPPARD. Then, how do you sell it to the retailers, just in such quantities as they desire?

Mr. BIELMAN. That is right. A man may come in there and buy just a hind quarter or a rib out of a front quarter. He may buy loins and ribs. Of course, we have some who buy the whole carcass.

Senator SHEPPARD. What is your range of prices on that system?

Mr. BIELMAN. On the choice steers to-day we are getting from 23 to 24 cents. That is, on the carcass.

Senator SHEPPARD. Is that an average price per pound on the carcass, including all the cuts?

Mr. BIELMAN. Yes; it is the whole side.

Senator SHEPPARD. The average is 23 cents, but in reality some cuts will be lower and some higher?

Mr. BIELMAN. I am not speaking of the cuts now. I am speaking of the carcass.

Senator SHEPPARD. I mean if you divide it into cuts.

Mr. BIELMAN. I would have to break around that price. On the medium steers we are getting from 18 to 20 cents.

Senator SHEPPARD. On the carcass?

Mr. BIELMAN. Yes. The common to fair steers will sell anywhere from 13 to 17 cents per pound.

Senator CAPPER. What do you get for the different cuts?

Mr. BIELMAN. On the medium to fair, on the choice, I mean, 18 to 34 cents per pound; that is according to the quality.

Senator CAPPER. Is that a variation in one cut of beef, from 18 cents to 34 cents?

Mr. BIELMAN. Yes. You take the choice beef loin and it brings 34 cents a pound. There might be beef in there with bruises. That would be graded down.

Senator CAPPER. At what price do you sell most of it? would be probably the average run on rounds?

Mr. BIELMAN. Our range will be from 16 to 28 cents on rounds.

Senator CAPPER. What will be the average?

Mr. BIELMAN. On my choice rounds it will be 28 cents; on lowest grade it will be 16. There may not be any of the 28 grade in rounds at all.

Senator SHEPPARD. Show us the round on this diagram [referring to chart]?

Mr. BIELMAN. Here it is [indicating].

Senator CAPPER. What do you sell the most of?

Mr. BIELMAN. If we get 35 or 40 cattle in a car, we cut them and sell the whole thing; so we must sell just as much of one we do of the other.

Senator SHEPPARD. How many cars do you generally get time?

Mr. BIELMAN. We have them shipped so they will arrive at different dates. We get as many as seven cars a week. We to clean up a car a day.

Senator SHEPPARD. After a car arrives here, you have all meat that is in that car sold within a day?

Mr. BIELMAN. No; it is never sold until we put it in our cooler.

Senator SHEPPARD. How long does it take you to dispose of meat after it has arrived?

Mr. BIELMAN. Sometimes I can close that car out in two days sometimes seven or eight days.

Senator SHEPPARD. What would be the average, about five or days?

Mr. BIELMAN. No; three or four days.

Senator SHEPPARD. How long, ordinarily, does it take to get car from Chicago here?

Mr. BIELMAN. From Chicago, usually about five days.

Senator SHEPPARD. Do you know how long the retailer holds as a rule?

Mr. BIELMAN. I have some beef in the ice box now that has been sold almost two weeks.

Senator SHEPPARD. In your box?

Mr. BIELMAN. Yes, sir. We have what we call a "sold" rail there. If a butcher comes in and buys beef off our "unsold" rail, transfer it to our storage rail, and it stays there until he orders it.

Senator CAPPER. What is the freight rate from Chicago here meat?

Mr. BIELMAN. I could not say exactly. We do not pay any freight here at all. Our cars come to us with freight all prepaid.

Senator CAPPER. To-day, on your best carcass, what are you selling rounds for?

Mr. BIELMAN. Twenty-eight cents.

Senator CAPPER. What are you selling medium for?

Mr. BIELMAN. The medium would be around 20 cents.

Senator CAPPER. What are you selling the common for?

Mr. BIELMAN. The very commonest, about 16 cents. That is on the steers, you understand; we are selling cow rounds as low as 15 cents.

Chairman BALL. You are quoting this on high-grade meats?

Mr. BIELMAN. What I quoted you first is on high-grade beef. I have both of them here. I will leave this list with you. I show both grades there, the steers and cows both.

(The list is copied into the record in full, as follows:)

Steers:	Cents.
Choice.....	23-24
Medium.....	18-20
Common to fair.....	13-17
Hinds, common to choice.....	17-32
Fronts, common to choice.....	8-16
Loins, common to choice.....	18-34
Ribs, common to choice.....	15-30
Rounds, common to choice.....	16-28
Chucks, common to choice.....	10-17
Cows:	
Fair to good.....	13-17
Hinds.....	15-25
Fronts.....	8-13
Loins.....	18-28
Ribs.....	15-25
Chucks.....	9-15
Rounds.....	15-22
Plates.....	8-10

Senator SHEPPARD. A period of two weeks is about the maximum time it is held here?

Mr. BIELMAN. That is really as long as we leave it in there. I told my beef salesman to-day he would have to have that fellow get it out of there.

Senator SHEPPARD. Do you sell to the hotels too?

Mr. BIELMAN. Very little here in Washington. The fact is I do not sell any beef to any hotel.

Senator SHEPPARD. Armour & Co.'s testimony showed yesterday that one concern sells to retail dealers and another concern, the Columbia Hotel Supply Co., sells to hotels?

Mr. BIELMAN. Yes.

Senator SHEPPARD. You do not have a separate organization selling to hotels?

Mr. BIELMAN. No.

Senator SHEPPARD. Where is your place of business?

Mr. BIELMAN. At Seventh and B Streets NW.

Senator SHEPPARD. Do you rent or own it?

Mr. BIELMAN. We rent that building. We have a lease on it.

Senator SHEPPARD. A long-time lease?

Mr. BIELMAN. Five years; yes, sir.

Senator SHEPPARD. When did you last renew it?

Mr. BIELMAN. We renewed it this year.

Senator SHEPPARD. At an increase?

Mr. BIELMAN. Yes, sir.

Senator SHEPPARD. Did they increase it substantially?

Mr. BIELMAN. They put a fair increase on it, I would say.

Senator SHEPPARD. What percentage?

Mr. BIELMAN. Almost 25 per cent.

Senator SHEPPARD. How many employees have you?

Mr. BIELMAN. I have 31.

Senator SHEPPARD. Have your costs of operation gone up in the last few months or have they decreased?

Mr. BIELMAN. They have gone up in the last year; yes.

Senator SHEPPARD. Have your wages gone up?

Mr. BIELMAN. Yes, sir; there has been a big increase in wages.

Senator SHEPPARD. Have you figured out what your percentage cost is here on the dollar?

Mr. BIELMAN. Yes, sir; I can tell you that for every month. I month it was 85 cents on the 100 pounds to market our stuff.

Senator SHEPPARD. Can you tell for each dollar of business how much the cost of operation was?

Mr. BIELMAN. I have not that here. I could give you that.

Senator SHEPPARD. We would like to have that, too.

(The statement follows:)

Cost of operation per dollar of sales, Washington, D. C.

1919	Sales.	Expense.	Cost of operation per dollar of sales
January.....	\$165,946.90	\$5,432.11	\$0.
February.....	132,610.75	5,352.98	..
March.....	151,795.29	4,486.00	..
April.....	202,544.16	5,895.96	..
May.....	172,812.88	5,169.83	..
June.....	160,200.30	5,269.32	..
July.....	190,018.67	7,028.63	..

Senator CAPPER. What are hams selling for to-day?

Mr. BIELMAN. We are selling our fancy hams to-day at 41 cents that is, the certified. The other hams we are selling at 37 cents second-grade hams.

Senator SHEPPARD. What is bacon selling for?

Mr. BIELMAN. Lower bacon at 40 cents; certified at 49.

Chairman BALL. Are all those figures in that report?

Mr. BIELMAN. On the beef; yes.

Chairman BALL. Not on the bacon?

Mr. BIELMAN. No. Mr. Wilson, in the pamphlet he gave you has all the hams.

Senator SHEPPARD. How about eggs, and chickens, and things like that?

Mr. BIELMAN. We handle them.

Senator SHEPPARD. Do you buy those here, in the surrounding market and the surrounding country?

Mr. BIELMAN. Just at present; no. We are getting most of our eggs from the West, Nebraska and around in there.

Senator SHEPPARD. Through the clearing house in Chicago?

Mr. BIELMAN. We have our produce department there buying them for us; yes.

Senator CAPPER. What do you get to-day for your best rib?

Mr. BIELMAN. For the best rib, 32 cents.

Senator CAPPER. And what do you get for the medium?

Mr. BIELMAN. That is on the steer now you are speaking of?

Senator CAPPER. Yes.

Mr. BIELMAN. They will range from the common steers to the choice steers 15 to 30 cents.

Senator SHEPPARD. Is there a different rate between steers and cows?

Mr. BIELMAN. Yes; here is your cow down here [referring to the diagram] 15 cents to 25 cents.

Senator CAPPER. What makes that difference almost double?

Mr. BIELMAN. Just the quality of the beef. You may get beef with not a bit of fat on it at all. That is a very common thing. The best beef is according to the way it is covered with fat. That means according to how it has been fed.

Senator SHEPPARD. Which is ordinarily fatter, the steer or the cow?

Mr. BIELMAN. It depends on how they have been fed. The steer usually has the best fat on it.

Senator SHEPPARD. Why is the distinction not made as to whether it is fat or poor?

Mr. BIELMAN. The steer beef is always better fed beef than cow beef.

Senator CAPPER. You say that varies from 15 cents to 25 cents?

Mr. BIELMAN. Yes.

Senator CAPPER. What do you sell the most of, between 15 and 25 cents?

Mr. BIELMAN. We sell more of the cheaper cattle than we do the fancy cattle.

Senator CAPPER. That is, you sell more at 15 cents than you do at 25 cents?

Mr. BIELMAN. Yes; of course, you understand that in fancy beef the rib will weigh more than the cheaper ribs will. It will take three of the cheap ribs to make one of the first-class ribs.

Senator CAPPER. What do you get for rib common to-day?

Mr. BIELMAN. The cheapest rib?

Senator CAPPER. Yes.

Mr. BIELMAN. We will sell you a rib down there to-day for 15 cents, the cheapest rib.

Senator CAPPER. That is the cheapest rib you have?

Mr. BIELMAN. Yes, sir.

Senator SHEPPARD. Do you have any understanding with any other dealers as to the prices you charge?

Mr. BIELMAN. No, sir; we never consult any of them. I will venture to say that I hardly ever see them except when passing their houses.

DISTRICT OF COLUMBIA, ss:

On August 18, 1919, personally appeared before me J. L. Bielman of Washington, D. C., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 6, 1919, having been read by him, is the truth to the best of his knowledge and belief.

[SEAL]

JOHN J. MCGRAIN, *Notary Public*.

Chairman BALL. We also have with us to-day the Omaha representative of Cudahy & Co.

STATEMENT OF MR. THOMAS CREIGH, OF CHICAGO.

Mr. CREIGH. Mr. Chairman, Mr. Diesing, the Omaha representative of Cudahy Packing Co., has stepped out of the room for just a moment, and while waiting for him, I should like to make a brief statement. I am particularly glad that Senator Capper is here,

because the Cudahy Packing Co. has two plants in his State, and we are very anxious to have you people understand something of the packers' story.

I know that reading matter is pretty hard put upon you Senators, but at the time the Federal Trade Commission came along to make this investigation a couple of years ago, they asked all the packers to prepare certain statements respecting the business, its methods, and the reasons at that time for high prices, etc. Our company prepared such a statement. I do not think that the reading of this statement is particularly hard and the discussions that are given in it on a half dozen points as to the reason for high prices then, I think, will be quite illuminating to you as to the reasons for high prices now, which are largely intensified. The figures can be more or less easily brought down to date here: but the theories of the reasons for things are set out very clearly, I think, in all this statement.

(The statement will be found in committee files.)

Mr. Diesing, who will talk to you next, is the head of our beef department, and our operations in that line are run from the Omaha headquarters, where his office is.

STATEMENT OF MR. WILLIAM DIESING, HEAD OF THE BEEF DEPARTMENT OF THE CUDAHY PACKING CO., OF CHICAGO, OMAHA, KANSAS CITY, ETC.

Mr. DIESING. The management of the Cudahy Packing Co. greatly appreciates the opportunity extended by your committee in giving us the privilege of stating to you our views on the high cost of living. No subject is of greater concern to any of us. And it is only when all the facts are known, and when, after the most careful study and full understanding, correct principles are arrived at that the remedy, if there be one, can be applied. Action based on anything else can not fail but lead to very great harm to us all.

Now what are the facts with respect to meat costs and prices? The packer, as you know, is but a middle man between the live stock producer and feeder on one side and the retailer or butcher on the other. And this is fundamental: Cheap meats can not be produced from high-priced animals.

The public usually judges the packer and his prices and profits from the standpoint of the price of a porterhouse steak delivered by automobile in response to a telephoned order. Or by the price of lamb chops on the menu card of a fashionable hotel or restaurant. Now the fact is the packer is in no way responsible for either.

I am the head of the beef department of the Cudahy Packing Co., and am located at Omaha, Nebr. I, together with our head cattle buyer, have charge of the buying of all cattle by our company and supervise the sale of beef and other edible products produced from them. I am entirely familiar with the prices paid for live animals; the shrinkage question; the methods of figuring and the items making up our costs; with the various grades and uses of beef; with the transportation and refrigeration and other services necessary in connection with its distribution and sale in all the various markets where our company is represented.

In a word, the packer takes raw material—the live animal—of a value of, say, \$125. He adds \$15 of labor and expenses to its preparation into meat and all the other products and by-products derived from it. He pays some \$4 of freight and \$4 for refrigeration, packing, curing, and selling expense, and insurance, etc., and then sells all the products for a total of \$150.

Can any other industry make a similar showing of efficient handling or of minimum expense and profit? Consider, too, that most of the products are highly perishable and require constant care and attention to be in the best condition for the trade and consumer. Furthermore, consider that the slightest inattention would result in entire loss of the profit, which, however, at best, is so small as not to be appreciable in the price which the consumer pays for meat.

For example, in the week ending July 11, 1919, we paid \$14.50 per hundredweight for live, good quality steers on the hoof of an average weight alive of 1,196 pounds. After allowing for all by-products (such as hide, fat, bones, etc.), at full market value, and crediting this against the net cost of the live animal and the expense of killing, the average cost at the packing house of the beef produced from these animals was \$20.21 per hundredweight. Freight and selling expense to and at our branch houses was \$1.60 per hundredweight, and the average price avails which we received from our retail customers was \$22 per hundredweight. The dressed weight of the beef produced from these animals was 56 per cent of the live weight.

Our cattle have been bought in open competition in the various stockyard centers for the best prices we have been able to buy them for. And at our branch house locations the meats have been sold in open competition for the best prices which we have been able to secure. We have shown the results of these operations, and surely when you realize these facts you will agree with us that the packing industry is not responsible for the high price of meats. Certainly you will also agree that the packers are not profiteers. In fact, considering the service which they perform, both of manufacturing and distribution, the rate of profit earned is so low as to be almost unbelievable. In our entire operation on beef this year the entire profit of the company has not averaged one-fourth cent per pound.

We were requested to furnish some figures in regard to the local market, the prices we secured, and the cost of the animals, and preliminary to that I also provided a chart similar to the one Mr. Wilson furnished, showing the wholesale cuts on this side [indicating], and here are the cuts that the retailer makes. There is a key to the chart showing, by numbers, what each part is.

Senator SHEPPARD. You are going to give us the prices now, are you?

Mr. DIESING. Yes, sir.

Senator SHEPPARD. And the dates.

Mr. DIESING. To-day's market as quoted by our local representative: Rounds, lowest price, 20 cents; highest price, 30 cents.

Senator CAPPER. That 30 cents is for the best native steers?

Mr. DIESING. Yes, sir.

Senator CAPPER. That is 30 cents?

Mr. DIESING. Approximately. I will leave a copy of this with you.

Senator CAPPER. What would be your price for the medium

Mr. DIESING. Well, there would be some in there at 25 cents cents. The range is from 20 cents to 30 cents; 20 cents for the p and 30 cents for the best, and intermediate grades in proportion to their quality.

Senator CAPPER. What would the common grades be?

Mr. DIESING. The common is 20 cents.

Senator CAPPER. Then, it would run from 20 cents for corned steers to 30 cents for best natives?

Mr. DIESING. Yes, sir. For loins of beef the range in price is from 20 cents to 35 cents. That is for the untrimmed loin with the flank ribs, which is roast beef, 22 cents to 33 cents. Chucks, the shoulder, 12 cents to 17 cents. Plate, 8 cents to 12 cents. Brisket, the point, 12 cents to 17 cents. Shank, 8 cents to 10 cents.

Senator CAPPER. When this plate is sold to the public, what is it called?

Mr. DIESING. Boiling beef, most commonly, but often it is called corned beef. The dealer cures it.

Chairman BALL. These are Washington prices you are giving?

Mr. DIESING. Yes, sir; to-day's Washington prices. The cars were covered in our last week's closing of the Washington market. We totaled 151 head of cattle at an average selling price on the shipping weight of \$19.19 per hundredweight; on the selling weight, \$18.75 a hundredweight. As against the billed cost, the books show a profit of 76 cents per hundred, not including the cost of operating the branch house here, and we figure against the beef 65 cents per hundred pounds for selling, although the average cost of selling beef products is higher.

Senator SHEPPARD. What is your volume of business here in a month in dollars?

Mr. CREIGH. Between one and two million dollars. Of course, that is not all beef, you understand.

Senator SHEPPARD. I understand.

Senator CAPPER. What are you getting here for hams now?

Mr. DIESING. I would have to get that information for you. That is all. Fresh meat is my end, and I do not keep so very close touch with the other. The market is around 37 to 38 cents.

Senator SHEPPARD. Have you a list of the articles that you are selling besides beef?

Mr. DIESING. I can get such a list for you.

Senator SHEPPARD. We would like to have it.

(The list to which reference is made is as follows:)

THE CUDAHY PACKING CO.,
Washington, D. C., August 11, 1919

SUBCOMMITTEE OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA,
District Committee Room of Capitol,
Washington, D. C.

GENTLEMEN: As per telephone conversation of this date, the following is a list of products handled through this branch:

Boneless beef cuts; beef livers; pork loins; pork offal in season; pig spare ribs, chitterlings; brains; mutton offal; sheep brains; veal offal; sweetbreads; beef; oxtails; beef kidneys; smoked meats; regular hams; skinned hams, smoked picnics, smoked bacon; compound lard; pure lard; salt fat backs; dry salt shoulders; dry salt butts; dry salt bellies; boiled ham

bacon; sausage; bologna sausage; green sausage; cheese; butter; eggs; margarine; poultry.

Trusting this is the information requested, and assuring you of our further cooperation on the subject, if necessary, we are,

Yours, very truly,

THE CUDAHY PACKING CO.,
J. A. CUSHING, *Manager*.

Senator SHEPPARD. Do you own your house property here, or do you lease it?

Mr. DIESING. I believe that is leased.

Mr. CREIGH. We own the building on leased land here.

Senator SHEPPARD. Where is it located?

Mr. CREIGH. Across the street from the Washington Market; a tall, narrow building there.

Senator DIAL. What articles of food do you have a loss on? You said the loss on beef was about 76 cents per pound. Where do you make that up?

Mr. DIESING. Well, there is not always a loss on the beef. There are periods when it will average profit. Over the year it must make money or come close to it. There has been a very disturbed and upset market for the last six months and the fluctuations have been quite wide in the cost and in the selling prices.

Senator DIAL. Do you try to recoup on your other sales of beef, or something else?

Mr. DIESING. We try to do all business at a profit. I can deal with you more definitely only on the beef, sheep, lamb, and veal. But going back on the last week's business, and the two prior weeks, I have made up statements showing the average cost delivered here of the cattle and the average selling prices, and for each carload I have made a copy of the invoice showing how the car was made up, what grades of cattle were in it, and what each car cost. On several I have attached killing cost tests, enough to give you a line on our methods of figuring cost.

For instance, this car, 7293, with an average cost of 21.25, an average selling price of 21.58, a gain of 33 cents. That shows how that was made up by various grades and the way it was closed out. I have taken the first lot of cattle there—a 29 lot of cows. That is what they weighed, total live weight, average live weight, total live weight, total amount of money paid, killing expense, gross cost, and credited with the green offal, on a current test, so much per hundredweight of live weight, and the actual weight of the oleo fat, butter fat, at the current market price, and the actual production of tallow at the current market price, and the value of the hides according to the grades and based on the market for hides on the day the cattle were killed. Those credits taken off gives us the total cost of the beef into the cooler, to which we add the cost of chilling it, 27 cents per hundredweight, and 30 cents per hundredweight to cover icing, icing, and overhead. Those figures will be found to check with this. On the per hundredweight of live weight secured in that test 64 per cent was dressed beef, beside the edible fat and hide. On the Washington business for the two months to end of July the result was minus \$1.60 per hundredweight, in addition to the cost of operation of the branch house.

Senator SHEPPARD. What is the expense of operation as compared with the volume of business?

Mr. DIESING. The expense ranges from 85 to 90 cents per hundred weight.

Senator SHEPPARD. What is that in terms of dollars?

Mr. DIESING. I would have to figure that for you.

Mr. CREIGH. Assuming an average price of 25 cents, Senator could divide the 85 by 4, getting 20 cents in the \$10—85 cents hundred pounds.

Senator SHEPPARD. That would be 2 cents to the dollar.

Mr. CREIGH. Yes. Wait a minute. You have got 85 cents to hundred pounds. Assuming a price of 25 cents, that would be per hundredweight, and you have a price of 85 cents for \$25.

Mr. DIESING. In connection with figuring the cost, there is a that gives all figures in case you want to check them up. From standpoint of the beef department selling prices are very higher than they have ever been—a good deal higher than price the war.

Senator SHEPPARD. Have your selling prices declined within past four or five months?

Mr. DIESING. There was quite a decline in the selling price of the 1st of May to the end of June—the end of the corn-fed season. There was a recovery of price of corn-fed beef from the 1st of June to now, but the grass beef came onto the market, and that is a poor grade of article, and that is selling at a lower price comparatively.

Senator SHEPPARD. But not less than two or three years ago?

Mr. DIESING. About the same as a year ago—somewhat higher than the years prior to that. To give you an idea of the comparison of prices to-day and in previous years, good native cattle to-day Omaha can be bought for about 17 cents a pound alive and 24 cents a pound in beef—good corn-fed cattle.

Senator CAPPER. That is in Omaha?

Mr. DIESING. Yes, Senator; that is in Omaha. That is above market at any of the river points—Missouri River—and Chicago usually runs a little higher than that. A year ago they cost a 17.14, and the dressed cost was 26 cents, nearly the same. At the end of July, 1917, they cost 13½ and 18.05—13.24 alive and 18.24 dressed.

Senator CAPPER. Thirteen as against 18 now?

Mr. DIESING. In 1917.

Senator SHEPPARD. He wants to know how 1917 prices compare with to-day's prices.

Mr. DIESING. On the live cost?

Senator CAPPER. Yes; alive and dressed.

Mr. DIESING. The live cost was 13.25 for 1917 as against 17.14 dressed cost then was 18 as against 24. But in 1916 the live cost was 9.25, and the dressed cost was 13.

Senator CAPPER. That is about the lowest you have had in a good many years, is it not?

Mr. DIESING. Senator, that was considered high.

Senator CAPPER. Is that so?

Mr. DIESING. You were talking about high-priced beef, then.

Senator SHEPPARD. How far back do your figures go?

Mr. DIESING. 1908.

Senator SHEPPARD. I think we had better have those figures.

Senator CAPPER. Yes; I think so.

Mr. DIESING. When we get through it will show in the cost of the live animal an increase of about 100 per cent.

Senator SHEPPARD. Since when?

Mr. DIESING. 1914 and 1915.

Senator SHEPPARD. Can you give us the cost back to 1908?

Mr. DIESING. Yes, sir. There is an increase of 200 per cent in the cost of putting the animal through.

Senator SHEPPARD. I understand. You mean the expense of operation?

Mr. DIESING. Yes. The last we had was in 1916. In 1913 the live cost was 9.33, and the dressed cost was 13.10.

Senator SHEPPARD. And you say that Chicago was a little higher as a rule?

Mr. DIESING. Well, freight and shrink. It evens itself up, with freight and shrinkage difference. If Chicago didn't pay at least freight difference, they wouldn't get any cattle. They would stop at the river. If Chicago paid more than freight difference, they would all go there.

Senator SHEPPARD. Is the freight rate from Omaha to Washington higher than from Chicago to Washington, or is this common-point territory?

Mr. DIESING. From Omaha it is 30 cents higher, approximately, 29 and a fraction, than from Chicago to Washington on the dressed product.

Senator SHEPPARD. Thirty cents per hundred?

Mr. DIESING. Yes, sir.

Senator SHEPPARD. Do you get your product from Omaha that is consumed in Washington?

Mr. DIESING. Yes, sir; and from other Western points. In 1914 the live cost for good steers was 9.42 and the dressed cost 14. In 1913 the live cost was 8.43 and 12.09 dressed. In 1912, 9 cents alive and 12.95 dressed. In 1911, 6.75 alive and 9.62 dressed.

Senator CAPPER. They were pretty low, were they not?

Mr. DIESING. In 1910 it was 7.45 alive and 10.55 dressed. In 1909, 6.90 alive, 8.31 dressed. In 1908, 6.13 alive, 8.74 dressed.

Mr. MILLER. Your spread at the present time shows 7 cents. In 1917 the greatest spread was 9½. Can you explain the difference in the variation of the spread between the price of live cattle and what you sell it dressed for?

Mr. DIESING. Between the live cost and the dressed cost?

Mr. MILLER. Yes; the variation in the spread. Is it due to the increase in the cost of putting the animal through, 200 per cent increase in cost of operation?

Mr. DIESING. Partially; and the value of the by-products, fluctuation. Another thing, if you buy cattle at 9 cents a pound alive, and then you buy them for 18 cents a pound alive, doubling it, your dressed cost will increase more in proportion unless you advance your by-products a whole lot, because a considerable part of each live animal is waste.

Mr. MILLER. You have answered the question.

Senator SHEPPARD. The average weight of the animal will run about the same each year?

Mr. DIESING. No; there is quite a variation in that.

Senator SHEPPARD. Each year?

Mr. DIESING. Yes, Senator; and for the different seasons in the year.

Senator SHEPPARD. As a rule, what is the difference between the lightest and heaviest animals? Is there a difference each season?

Mr. DIESING. Yes, sir. There is a range of from 500 pounds to 1,500 pounds in cattle. It depends on what proportion of corn-fed cattle happen to be in the receipts; and whether the country figures it good business to market the young stock.

Senator SHEPPARD. What is considered an extraordinarily heavy steer?

Mr. DIESING. Extraordinarily heavy?

Senator SHEPPARD. Yes.

Mr. DIESING. Fifteen hundred pounds.

Senator SHEPPARD. What is considered as very low?

Mr. DIESING. When they get much under 500 pounds, they are calves. We figure it that way.

Senator SHEPPARD. So the average good-sized steer or cow runs about 900 to 1,000 pounds?

Mr. DIESING. Yes, sir; 1,000 pounds is a good average, live weight.

Senator SHEPPARD. One thousand pounds is a good average, live weight. That is what I wanted to bring out.

Senator CAPPER. I did not understand your price here on bacon, in Washington. Did you give that?

Mr. DIESING. We will furnish you that entire list.

(The list to which reference is made follows in letter:)

THE CUDAHY PACKING CO.,
Washington, D. C., August 14, 1919.

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA,

District Committee Room of Capitol, Washington, D. C.

GENTLEMEN: In reply to question addressed to Mr. Diesing at time of testifying before your committee and as noted on page 347 of testimony, wish to advise that our price on bacon by the strip on that date was 44 cents per pound, and price on hams was 40 cents per pound on first grade and 37 cents per pound on second grade.

Yours, very truly,

THE CUDAHY PACKING CO.
J. A. CUSHING, *Manager*.

Senator CAPPER. All right. Ham and bacon are about the only articles that you sell here in the original package?

Mr. DIESING. Well, they are sold in ones and twos. The hams and bacon are smoked out here.

Senator CAPPER. What do you mean by "ones and twos"?

Mr. DIESING. One piece or two pieces, as the customer wishes to buy.

Senator SHEPPARD. Do you have a curing establishment here?

Mr. DIESING. Smoking.

Senator SHEPPARD. Smoking establishment?

Mr. DIESING. Yes; they are shipped here cured. The trade want fresh-smoked stuff. The dressed stuff shipped from the West in refrigerator cars loses its bloom.

Senator SHEPPARD. You handle at Omaha your greatest production?

Mr. DIESING. I do not think we go quite as far as that.

Senator SHEPPARD. Do you handle any unrelated products?

Mr. CREIGH. We think they are all related, Senator. We handle a produce line, but we do not handle a grocery line.

Senator SHEPPARD. You handle a produce line?

Mr. CREIGH. Yes.

Senator SHEPPARD. What are your principal items?

Mr. CREIGH. Butter, eggs, cheese, and poultry.

Senator SHEPPARD. Do you buy and sell a good deal of that around here, and throughout the country?

Mr. CREIGH. A small amount is bought locally, but most in the West, in the central organization. We have refrigerated packing houses, refrigerated cars and branch houses, and there is nothing more natural than that butter, poultry, eggs, and cheese sold to butchers finally, should be handled by the same selling medium, by the house or organization that handles the meat.

Senator SHEPPARD. What is your capital?

Mr. CREIGH. Our capital stock? I will have to stop and think a minute. It is a trifle less than \$25,000,000 outstanding now.

Senator SHEPPARD. Do you remember what your percentage of profit was last year?

Mr. CREIGH. I will be very glad to furnish our last year's annual statement. Of course, you understand that in the profits, for example, of the Cudahy Packing Co., would be included, such items as dividends we might receive from the Wichita Stock Yards, that Senator Capper's State is largely concerned with; also such other items as refining of glycerine.

Senator SHEPPARD. I mean the entire business.

Mr. CREIGH. Those items are taken into consideration, of course.

Senator SHEPPARD. I suppose you have a statement showing your profit on each dollar?

Mr. CREIGH. Yes. Our turnover, even including the nonedible items, is slightly over 2 per cent.

Senator SHEPPARD. Your profit?

Mr. CREIGH. Yes, sir. Our turnover last year, as I recall it, was close to \$200,000,000. Our net earnings were somewhat less than four, as I recall.

(The data to which reference is made follows:)

THE CUDAHY PACKING CO.,
LEGAL DEPARTMENT,
Chicago, August 9, 1919.

Hon. L. HEISLER BALL,
United States Senate, Washington, D. C.

MY DEAR SENATOR: During the hearing last Wednesday by the subcommittee in charge of the investigation of high prices within the District of Columbia, upon a question being asked by Senator Sheppard (I think) I had stated that we would be very glad to furnish to him and to the committee a copy of the last annual statement put out by our company showing profits, capitalization, etc.

I am very pleased to inclose this herewith in condensed but printed form. I would be very glad if special consideration would be given by you to the reading matter accompanying the statement. Of course, large figures are very frequent in connection with the business of any packer. The tonnage handled by our company of products of animals exceeds 1,000,000,000 pounds per annum.

We do not as a regular thing handle groceries. Nevertheless, during the period of the war and for the convenience of certain cantonments and to accommodate their quartermasters we did at a few of our branches carry a grocery stock. This, of course, increased our investments and our sales and

tonnage slightly. The profits which we have made from our food business and from the products of animals are the least satisfactory which we have. As I stated to the committee, the company refines glycerin; has a few outside investments; does an extensive business in soaps and cleansers; and it is the aggregate of all these ventures that appear in our statements and make up the showing. Of course a determination of our profits made upon our investment is hardly controlling. Our property valuations are extremely low. There is no water in our stock. The increase in the cost of live animals and other items handled by us has been so enormous as to involve our having to borrow on a tremendous scale. Surely we ought to in all fairness be entitled to reasonable earnings on borrowed money in order to justify us in taking the risk and in performing a service for the nations.

Not that we wish to brag about our war service, but just that you may be quite fully informed as to what it involved, we are also inclosing a little pamphlet prepared by us at the request of the War Department. This shows something of the difficulties as well as the efficiency and skill with which we handled orders of our Government and the Allies.

Also, in order that you may have something further to enable you to make a little comparison as regards these peak figures of the last fiscal year, we inclose a small pamphlet covering our showing for the preceding fiscal year.

Yours, very truly,

THE CUDAHY PACKING CO.,
THOS. CREIGH,
General Attorney.

THE CUDAHY PACKING CO. FINANCIAL STATEMENT FOR THE FISCAL YEAR ENDING
NOVEMBER 2, 1918;

EXTRACTS FROM THE ANNUAL STATEMENT OF E. A. CUDAHY, PRESIDENT, TO SHAREHOLDERS.

During the past year probably the most conspicuous features in our business are (a) its heavy expansion, due largely to war causes, and (b) the greatly increased control as a war emergency measure by the Government, and the regulation of almost all of our activities by a large number of its different bureaus.

As illustrating the enormous expansion of the business and of the industry (in which our company has fully measured up) I am quoting the following statistics taken from some recent compilations:

"The largest exportation of fresh beef in any year prior to the war was 352,000,000 pounds, in the fiscal year 1901; then dwindling down year by year to only 6,000,000 pounds in the year immediately preceding the war, while the total for the 10 months ending with October of the current year was 417,000,000 pounds."

"Pork products also show a new high record in quantities as well as in values. The total quantity of bacon exported in the 10 months ending with October, 1918, was 906,000,000 pounds, against a former high record of 593,000,000 pounds in the full fiscal year 1916. Hams and shoulders in the same 10 months were 478,000,000 pounds, against 287,000,000 pounds in the full fiscal year 1916."

A fair understanding of these figures and what they mean in the way of increased labor and of financing, because of the higher prices paid by us for live stock and for labor, as well as for the reasons they indicate as to the higher prices therefore necessarily charged by us, would show conclusively the causes for the increased cost of living in this country as far as meats are concerned.

We wish that the public could from day to day follow accurately with us the costs of labor, material, and live stock, and could see with us how these items account for the increased price of meats. Two things are fundamental: Cheap meats can not be made from high-priced live stock with high-priced labor. Neither does the total packers' profit, which amounts at best but to a fraction of a cent a pound, have any material effect upon the prices which the consumer pays to the retailer for meats and other products.

By referring to the figures shown in our annual financial statement it will be observed that if total reserves for income and war-revenue taxes be added

net profits, as shown, we still have made less than 2.15 cents out of dollar we have taken in, and that our average profit has been slightly less than half cent per pound on the total volume handled, including both edible and inedible products.

Increased cost of live stock and of labor present a tremendous problem to the industry, due to the necessity of financing the business on this high basis of procuring funds for this purpose. An indication of this is given in the case of our own company, where the amount of our inventory covering stock on hand and in process, etc., in various periods has been as follows:

Dec. 23, 1916.....	\$16,282,712
Dec. 27, 1917.....	32,647,635
Dec. 2, 1918.....	41,664,734

The handling meat and other products derived from live stock and nothing else is an industry would be sufficiently complex, but in the natural development of the distribution of food products requiring refrigeration to bring them to the consumer in the very best form the packing industry has grown so that it handles many other items of food than those derived from animals. This is due to the benefit of both the producer and consumer. Also, in connection with the handling of inedible materials derived from animals such as hides, etc., it has been necessary to fill in with related lines comprising a very large number of other items. This brings us in touch with many other industries each of which presents its problems, in the fair solution of all of which the industry, of course, is concerned.

During the period of the war the most marked change from the past was the measure of control exercised by the Government. This existed through Fuel, Railroad, and Fuel Administrations, wage and arbitration boards; and priorities were regulated; also there was control of profits through control in many items; even prices were fixed by the Government. Not only the exercise of this control was the Government a large factor in the industry, but, through its own purchases of supplies for our own forces and its cooperative buying on behalf of the Allies and other Government agencies, it was in a position to largely dominate and control the market.

In the year 1913 for the first time the gross sales of this company were \$100,000,000. The excess was from products not derived from animals. In the fiscal year just closed our gross sales have amounted to around \$100,000,000, of which \$50,000,000, approximately, have been from nonanimal products. In 1913 our company paid to the farmers of the United States some \$10,000,000 for the animals purchased. This year, and for a volume and approximately 33½ per cent greater, we have paid more than \$180,000,000. In 1913 we paid to our employees some \$7,000,000 for wages and salaries. This year we have paid them in excess of \$15,500,000. Our net profits compared to 1913 are in about the same ratio to our turnover as in that year. This large expansion in our business has been brought about not only by Government control exercised in connection with its war operations, but also by the combined efforts of the company and its management by the cooperation of our own employees, of live-stock producers, and Government agencies as well, all working to the common end of expanded production and increased distribution on fair terms to all.

In the course of demobilization and reconstruction, we must not fail to analyze and apply the lessons which we have learned, where cooperation has brought success. The spirit of understanding between our Government, the producers of our industry, the live-stock producers, our wage earners, and the public, which was increasing during the war and which appeared to be in the process of being harmonized, must for the future be still improved.

There have been difficulties and misunderstandings in the past, but a proper understanding by all factors in the industry should be able to cure this. I have nothing which would give me greater satisfaction than to have the live-stock interests partners with us in our business through the ownership of stock in our company.

I believe that it would be to their advantage, as well as ours, not alone in financial way, but because it would lead to a better understanding by the producers of the packers' business and problems.

AUDITOR'S CERTIFICATE.

We have audited the accounts and records of the Cudahy Packing Co. for fiscal year ending November 2, 1918, and hereby certify that the attached balance sheet is in accordance therewith, and, in our opinion, is drawn up to correctly exhibit the financial position of the company as at November 2, 1918. net profit has been earned for the year of \$3,376,808.58, after deducting interest on bonds and other borrowed money and after providing for depreciation of fixed assets and for Federal taxes. The provisions of the trust deed covering the 5 per cent first mortgage gold bonds and the trust agreement covering five-year 7 per cent sinking fund gold notes have been complied with.

The transactions for the year through surplus account are as follows:

Paid in capital surplus as at Oct. 27, 1917-----	\$2,057,566.46	
Adjustment bringing the capital assets of the company at Nov. 1, 1915, to their actual value at that date as appraised-----	2,498,399.78	
Premiums received, capital stock-----	17,162.60	
		\$4,573,128
Earned surplus, as at Oct. 27, 1917-----	5,672,553.64	
Sundry adjustments of 1917 profits-----	250,586.78	
Net profit for year-----	\$3,376,808.58	
Less dividends paid-----	1,380,000.00	
	1,996,808.58	
		7,919,949.
		12,493,077.

ARTHUR YOUNG & Co.,
Certified Public Accountants

CHICAGO, December 9, 1918.

Balance sheet, Nov. 2, 1918.

ASSETS.

Current and working assets:		
Cash-----	\$4,446,624.44	
Accounts and notes receivable-----	19,267,330.86	
Investments in stocks and bonds-----	2,093,936.36	
Product and supplies-----	43,266,288.42	
		\$69,074,180.
Fixed assets:		
Car and refrigerator line-----	1,481,740.16	
Packing and manufacturing plants: Real estate, buildings, machinery, etc-----	13,978,462.37	
Sales branches: Real estate, buildings and equipment-----	2,783,090.94	
		18,243,293.
Bond and note discount (being amortized)-----		763,695.
		88,081,169.0

LIABILITIES.

Current and accrued liabilities:		
Notes and accounts payable-----	\$33,936,466.22	
Bond and note interest accrued-----	387,912.56	
		34,324,378.7
Reserve for Federal income and war profits taxes and contingencies-----		2,785,412.4
7 per cent sinking fund five-year gold notes, authorized and issued-----		10,000,000.0
5 per cent first mortgage gold bonds:		
Authorized-----	\$12,000,000.00	
Issued-----	9,000,000.00	
Less, retired through sinking fund-----	521,700.00	
		8,478,300.0

Stock:

Authorized and outstanding—

Preferred, 6 per cent cumulative.....	\$2,000,000.00
Preferred, 7 per cent cumulative.....	6,550,500.00
Common.....	11,449,500.00

20,000,000.00

----- \$10,496,269.24

Net profit for

year..... \$3,376,808.58

Dividends paid 1,380,000.00

1,996,808.58

12,493,077.82

\$32,493,077.82

88,081,169.08

Year ending Nov. 2, 1918..... 286,660,971.48

Year ending Oct. 27, 1917..... 184,811,423.34

CUDAHYPACKING CO.—FINANCIAL STATEMENT FOR THE FISCAL YEAR ENDING OCTOBER 27, 1917.

FROM THE ANNUAL REPORT OF E. A. CUDAHY, PRESIDENT, COVERING FISCAL YEAR ENDING OCTOBER 31, 1917.

Earnings of the company, amounting in round numbers to \$4,430,000, deducting interest payments and reserve for war taxes, are the greatest history of the Cudahy Packing Co. The company has done a business of volume much in excess of anything it has previously handled. Consider the difficulties caused by the entirely changed conditions due to the war disturbances in connection with our labor, transportation, supplies, and other factor which concerns our operations, we regard the results as extremely gratifying. They are the best evidence of the loyalty and ability of employees, and the management and myself are glad to realize that such a number of the employees, through stock ownership, now have a substantial share in the company's success.

This year the number of individual shareholders of the company has greatly increased, and they now number about 600.

Illustrating our endeavor to cooperate for the better conduct of the war, that the average loading of our cars during a considerable portion of the year has amounted to approximately 30 per cent beyond the minima specified by the carriers' tariffs is a fair example.

Gross sales of the company during the previous year were, in round numbers, \$133,000,000. This year they have amounted to \$184,000,000. The volume of business of the company, stated in pounds, has increased approximately 10 per cent. The large increase in the company's business, measured in pounds, has been due to largely increased values and costs (principally for live hogs) but in a proportionate degree to increases in wages, freights, and the cost of other products handled and used. Last year we paid \$87,500,000 for stock. This year for not more than 10 per cent additional we paid \$120,000, an increase of \$41,500,000, or nearly 40 per cent. The increase in these values and costs has involved the necessity of the use of additional amounts of capital and borrowed money employed in the transaction of the business which, of course, are well offset by the larger values on the inventory, as shown by the balance sheet.

In round numbers, the gross sales of the company may be divided as follows: Proceeds from the sale of all products derived from animals purchased and slaughtered, \$160,000,000.

Proceeds from the sale of all other edible products purchased and prepared, such as cottonseed oil and its products, butter, eggs, cheese, and similar products, which are handled for the convenience of our trade and which by being distributed through our facilities serve to reduce the average per pound cost of our entire selling operations, \$16,000,000, and from the manufacture and sale

of nonedible products not derived from animals purchased by us, such as glycerin, soap, cleansers, and other similar products, \$8,000,000.

We paid during the last year for the animals purchased by us \$129,000 in cash at the time of purchase. And after the preparation and manufacture of all the products derived from them, involving expenses such as wages, taxes, interest, depreciation, repairs, insurance, advertising, freight, etc., we sold the products (both edible and inedible) for \$160,000,000, as shown above. It is evident from this that of the so-called high prices for meats by far the greatest single factor and the one which dominates to such an extent that no other factor can greatly affect the price to the consumer is the high cost of the animals themselves, the bulk of which money goes to live-stock producer and feeder. And it is well that these factors should receive increasing values, for no time has there been a greater necessity for increased production, so that the food requirements of the armies and of the civilian population of ourselves and our allies may be well supplied.

Out of the receipts shown above derived from sales of animal products amount left as the net profit from the company's operations was approximately \$2,500,000, after deducting war-tax reserve. This represents an average of practically one-fourth cent per pound for all animal products, and it is our belief that the profit from the edible portion has been less than this average. All of this indicates how negligible a portion of the price which the consumer pays for meats is the profit of the packer.

The public does not generally realize that the large packer, in addition to manufacturing and preparing food products, is also, through his branch house, car routes, and other facilities, largely the distributor of the goods, thus performing two functions, whereas most manufacturers perform but one—packer being largely driven to do this because of the perishable nature of a very considerable portion of the products he handles. The margin of our profits, based upon the value of our output, even though we perform these two functions, is narrower than that of any other industry in the United States. In effect there is no middleman between the manufacturer and the butcher. The packer performs the jobber's function. Yet for the entire service we receive less than the usual profit of a manufacturer alone.

This company is itself a very large consumer and purchaser of supplies from others. These purchases amount to many million dollars a year and include everything from lumber, boxes, tin, bagging, paper, steel of many varieties of edible supplies, such as salt, sugar, spices, and an infinite variety of other articles. In all these lines the prices which we have had to pay were greatly increased over previous years, and from our experience it is manifest that the prices of meats (especially of fresh meats) and the profit of the packer have been kept more nearly normal than those probably of any other business.

This report would not be complete unless some mention were made of the profit control which will be imposed by the United States Food Administration upon the packers, effective November 1. More and more it is being realized by the officials and the general public that the profit of the packers is so nominal per pound that it has no effect upon the price paid by the consumer. A difference of one-fourth cent per pound, which we might receive more or less from the sale of all our products would mean a very substantial sum in our operations, but could hardly materially affect the prices which the consumer pays for our products. We have no coin small enough to register such a small amount, where the consumer buys only 2 or 3 pounds at each time. Nevertheless it has been considered by our Government that it is necessary to impose some control upon the profits of the packers. The officials charged with this responsibility had, and will receive, full cooperation from this company in this difficult undertaking. In the aggregate, by reasonable regulation and cooperation so as to produce economies in manufacture, distribution, and consumption, a very considerable sum may be saved from the food bill of the United States and our allies. But if the best results are to be realized, they will be secured by a study of economies, stabilization and stimulating the production of live stock by liberal prices, rather than by reducing or unduly restricting the profit of the packer—which, as has been indicated, is so small that it is practically negligible as affecting the prices paid by the consumer for his products. We believe that this is fully realized by and will be the policy of the administration.

Mr. Joseph P. Cotton, chief of the meat division of the United States Food Administration, has well said "the large packers have vital and important services to perform to the National Government in this war. Upon them rests the burden of preparing the bulk of the meat-food products which our Army and the armies of the Allies require."

During the past year our company has prepared for, handled, and sold to our own Government and to the Governments of the Allies and to the commission for relief of Belgium large quantities of supplies. We realize that in the coming year and during such further time as the war may continue we will be called upon for still greater quantities. Every facility which we have will be placed at the disposal of the Government. We feel that not only is an opportunity afforded us for a great service, but that in its execution it will develop, because of the more intimate knowledge of our detailed operations which the officials will have, that they, and through them, the public, will come to a realization of the value of the service performed by the packing industry. Handling important products of a highly perishable nature, these corporate organizations, by the economy of their operations and the skill with which such products are handled as well as by the efficiency with which they utilize their by-products, have materially lessened the charge to the public for these supplies. And they should finally receive more in the way of credit for work well done than has been the case in past years.

AUDITOR'S CERTIFICATE.

We have audited the accounts and records of the Cudahy Packing Co. for the fiscal year ending October 27, 1917, and hereby certify that the attached balance sheet is in accordance therewith and in our opinion is drawn up to correctly exhibit the financial position of the company as at October 27, 1917. A profit has been earned for the year of \$4,430,529.58 after deducting interest on bonds and other borrowed money and after providing for depreciation of the fixed assets and for income and war excess profits taxes. The provisions of the trust deed covering the 5 per cent first-mortgage gold bonds have been complied with.

ARTHUR YOUNG & Co.,
Certified Public Accountants.

CHICAGO, December 6, 1917.

Balance sheet, Oct. 27, 1917.

ASSETS.

Current and working assets:

Cash	\$2, 899, 380. 15	
Accounts and notes receivable	12, 969, 009. 48	
Investment in stocks and bonds	1, 586, 165. 70	
Product and supplies	32, 647, 634. 67	
		\$50, 102, 190. 00

Fixed assets:

Car and refrigerator line	1, 300, 139. 48	
Packing and manufacturing plants: Real estate, buildings, machinery, etc	10, 314, 421. 99	
Sales branches: Real estate, buildings, and equipment	2, 647, 363. 62	
		14, 261, 925. 09
Bond discount (being written off over term of bonds)		363, 139. 68
		64, 727, 254. 77

LIABILITIES.

Current and accrued liabilities:

Notes and accounts payable	26, 684, 670. 46	
Reserve for taxes	1, 090, 000. 00	
Reserve for interest and preferred dividends	472, 464. 21	
		28, 247, 134. 67

5 per cent first mortgage gold bonds:

Authorized	\$12, 000, 000. 00	
Issued	9, 000, 000. 00	
Less sinking fund deposit for retiral of bonds	250, 000. 00	
		8, 750, 000. 00

Capital stock:

Authorized and outstanding—

Preferred, 6 per cent cumulative.....	\$2,000,000.00
Preferred, 7 per cent cumulative.....	6,550,500.00
Common	11,449,500.00

20,000,000.00

Surplus

\$4,463,491.77

Net profit for

year

\$4,430,529.58

Dividends de-

clared, paid,

and accrued

1,163,901.25

Net addition to surplus.....

3,266,628.33

7,730,120.10

\$27,730,120.10

64,727,254.77

Sales for year ending Oct. 27, 1917.....

184,811,000.00

Sales for year ending Oct. 28, 1916.....

133,961,000.00

OUR PART IN THE GREAT WAR—MEMORANDUM SUBMITTED BY THE CUDAHY PACKING CO. TO THE DIRECTOR OF PURCHASE AND STORAGE, WAR DEPARTMENT.

CHICAGO, ILL., May 15, 1919.

DIRECTOR OF PURCHASE AND STORAGE.

War Department, Washington, D. C.

DEAR SIR: Prior to the outbreak of the European War, in 1914, the Cudahy Packing Co. had for more than 25 years been developing its business both at home and abroad.

At that time our organization comprised 5 packing houses, a number of miscellaneous manufacturing establishments, over 125 branch houses, some 1,500 refrigerator cars, and other facilities necessary in the conduct of a packing-house business of great magnitude with efficiency. A competent management of financial standing and a trained body of upward of 12,000 employees were operating this corporation.

It is on behalf of such an organization that we express our appreciation of the opportunity afforded us, among others, of sending you a memorandum as outlined by Mr. W. L. Pollard, of the historical branch of your General Administrative Division, who has advised us of the plan of your division for compiling a written history of procurement for the public records of the War Department. He has submitted the outline of certain topics which he requested us as well as other firms to furnish information upon and discuss, and it is suggested that in this manner a record of "Our Part in the Great War" may become a permanent record in the War Department, showing what we were able to do in connection with the furnishing of supplies to our Government during the period of the war.

During the fiscal year ending October 31, 1914, our total gross sales had been \$109,121,450, and in the same year we had bought, slaughtered, and used the following quantities of live stock, having paid for them the amounts shown:

	Number of head.	Cost.	Average cost per head.
Cattle.....	458,500	\$32,147,506.11	\$70.11
Calves.....	53,673	897,271.20	16.72
Hogs.....	1,628,312	30,209,570.94	18.55
Sheep.....	1,160,340	5,558,791.46	4.80

In addition to the sale of the products, edible and otherwise, derived from the above animals, the company engaged extensively in the manufacture of

other articles, both edible and inedible, as, for instance, the manufacture of compound from cottonseed oil, as well as soaps, cleansers, etc., and the net profits for the year from the transaction of all classes of our business, after paying interest and taxes, had been \$1,402,016.02, or at the rate of approximately 1.3 per cent of our turnover.

Immediately after the outbreak of the Great War in Europe we, as well as the other American packers, were immediately called upon by various foreign Governments for large quantities of supplies, and until the United States declared war we had been to such an extent already engaged in the furnishing of war supplies and in their transportation and export that we were perhaps the more able on this account to actively cooperate with our own Government at the time of its greater need.

We had also been actively engaged in the preparation and furnishing of supplies for the commission of relief in Belgium.

Due to the increasingly large requirements, even prior to the entry of the United States into the war, and to the stimulation of our own domestic industries which were also engaged in war contracts, we met not only an increased demand for our products on the other side of the water, but the demands and requirements of the domestic consumer and of our various home markets were immensely enlarged and stimulated.

At all times our activities have involved the surmounting of difficulties caused by (a) greatly increased financing in order to handle the steadily increasing volume of product and at the same time to pay constantly increasing prices for the live stock handled as well as for the supplies and materials used by us, wages, transportation rates, and everything involved in doing our business; (b) the difficulties of securing sufficient and efficient labor and labor difficulties, and an increasing wage scale—all finally culminating in an agreement with the President's Mediation Commission, which finally worked out the packer wage schedule by arbitration, in the course of which several further increases have been awarded; (c) transportation difficulties, both rail and water, due to car and ship shortage, congestion at terminals and ports, and the constantly increasing difficulties in securing ocean shipping and in complying with the multitude of requirements, such as securing permits and other documents called for by numerous boards and bureaus; (d) public agitation against high prices and numerous governmental efforts to make and control our policies and prices, and the adjusting of the business of our numerous selling and other agencies to constantly changing conditions and new Government requirements. At one period these difficulties were made still more burdensome by the sensational so-called investigation of the Federal Trade Commission; (e) the necessity of enlarging our physical plant facilities to care for the increased volume of business, which was complicated by the difficulties in transportation and labor, and the difficulties of other manufacturers and mill producers in delivering the necessary supplies, etc.

The company and its management and employees have not only faithfully endeavored to perform in the fullest measure every responsibility placed upon them or suggested to them, but have cooperated in every way with each and all of the many boards, commissions, and agencies of the Government for the efficient and successful prosecution of the war.

In fact, this cooperation between the Government and business organizations is so correct a principle that it should be the desire and the policy of us all not only in war but to an even greater degree in peace, when efficiency and success and harmonized relations are just as much needed and as beneficial to all. In recognition of this principle and of the capable handling of the labor situation under the arbitration agreement established as above mentioned, we have recently, with the other parties, agreed to an extension of this basis for a further period.

We realize that many practical difficulties confronted the Government and the various officials, and believe that they also realize that we, in turn, were subjected to and were compelled to solve an infinite number of problems.

The preparation and delivery of supplies, and in quantities such as were furnished by us, presented a highly complex problem at all times, and the details are so varied that it would be extremely difficult to set them down so that they could be fully understood. We are satisfied with the opportunity of stating in this record that we believe the results have amply demonstrated our loyalty and competent methods, and we regard ourselves and our employees as important factors in the great results secured.

We do not in any respect seek to deny to the many other factors who also contributed to these results any portion of the very great credit to which they are entitled. Cooperation and the earnest, willing spirit as universally shown, undoubtedly brought the outcome of final success.

While in a general way we have stated our situation and our contribution to the war, it perhaps would be of interest if we should take advantage of the opportunity afforded us by your invitation and follow the outline memorandum which you have prepared, setting down some of the statistics which we have with some difficulty been able to compile.

The amounts of beef and other meats purchased by the United States Government from us between April 2, 1917, and November 15, 1918, are shown by the following table, which includes Army and Navy only.

In addition to the amounts shown, we were constantly furnishing enormous supplies to the various foreign governments, as well as the commission of relief of Belgium, but the bulk of our output was constantly required by the civilian populations of the United States and of the Allies as well.

The following table shows deliveries of dressed beef:

Date.	Weight.	Avg. Caf. price.	Avails.
1917.			
May.....	73,000	16.54	\$12,074.00
June.....	1,017,468	16.01	162,906.44
July.....	258,360	15.76	40,738.16
August.....	263,200	15.56	40,961.15
September.....	2,057,642	14.77	303,689.79
October.....	2,778,378	15.54	431,665.67
November.....	1,334,581	15.61	208,434.26
December.....	1,151,917	17.83	205,419.27
1918.			
January.....	923,720	16.37	151,228.32
February.....	1,664,455	18.09	301,247.40
March.....	1,790,360	20.20	361,702.45
April.....	2,667,158	21.71	580,195.47
May.....	3,353,776	24.04	806,360.32
June.....	2,936,256	24.09	707,409.74
July.....	3,688,934	24.06	887,092.08
August.....	4,577,174	24.03	1,099,057.67
September.....	3,327,779	23.89	794,865.06
October.....	3,838,855	24.06	924,472.37
November.....	1,806,022	23.58	425,075.07
Total.....	39,508,035	21.43	8,466,946.18

In addition to dressed beef, we have accumulated certain statistics in connection with our canned meats, also as furnished and sold to the United States (but similar supplies of which were constantly being furnished to others as previously indicated).

The following table shows deliveries of canned meats:

	16 ounces, corned beef.	24 ounces, corned beef.	32 ounces, roast beef.	32 ounces, hash.
Number of cans.....	2,513,280	8,827,162	6,312,080	2,309,446
Pounds of meat.....	4,188,800	22,067,905	20,514,260	3,849,077
Pounds of potatoes.....				2,589,404
Pounds of onions.....				523,879
Number of cases.....	52,360	245,199	263,003	86,227
Number of cans.....	74	294	315	115
Average price per can.....	\$0.4825	\$0.71	\$0.93	\$0.63
Value.....	\$1,212,657.50	\$6,267,285.02	\$5,870,234.40	\$1,431,656.00
Lumber (feet) for packing cases.....	389,558	1,645,285	1,880,471	688,093
Tin (pounds) for cans.....	603,187	2,781,256	2,247,100	822,162
Total number of cans.....				
Total number of cans.....	19,961,968	Total number of carloads.....	794	
Total pounds of green meat.....	50,620,042	Total value.....	\$14,782,033.34	
Total pounds of potatoes.....	2,589,404	Total number of feet of lumber for cases.....	4,603,337	
Total pounds of onions.....	523,879	Total pounds of tin for cans.....	6,433,705	
Total number of cases.....	656,789			

Sausage was furnished to the Navy alone in the following quantities:

Frankfurts.....	784, 425
Pork sausage.....	946, 928
Bologna.....	141, 802
Lunch meat.....	10, 000
Total.....	1, 883, 155

Enormous quantities of bacon were produced and supplied. When it is considered that the bacon output from a single hog is approximately 40 pounds, some idea will be secured of the enormous financial, manufacturing, and transportation agency which was required to furnish such quantities and at the same time dispose of the remaining products of the hundreds of thousands of animals used.

31,440,600 pounds smoked bacon, of which 7,991,000 pounds were packed in 100-pound boxes, and 23,449,600 pounds put up in 12-pound, net, tins, packed 6 tins to the case.

This required 405,600 boxes and cases—approximately 4,057,000 feet of lumber; besides 1,954,133 12-pound tins, which is equivalent to about 3,244,000 pounds of tin plate.

At the later periods we were furnishing upwards of a million pounds per week.

The total amount of money which the Government paid us for this bacon was, approximately, \$13,657,320.

And in addition, it must always be borne in mind that of bacon and similar products, probably greater quantities were being furnished to the associated governments, and at the same time our civilian population was being supplied.

We have endeavored to approximate the total volume and value of supplies of all kinds furnished by us to the United States Army and Navy, and find that it certainly amounts to at least forty-one and one-quarter million dollars, and out of these enormous deliveries of product no complaints.

An interesting index showing the month by month increase of our Government business and its maximum volume appears in the following table showing the amount of meats of various kinds as delivered:

1917.	Weight.	1918.	Weight.
April.....	244, 257	June.....	7, 216, 906
May.....	963, 203	July.....	14, 697, 228
June.....	444, 700	August.....	8, 173, 098
July.....	1, 638, 894	September.....	6, 074, 247
January.....	2, 424, 076	October.....	9, 396, 285
February.....	3, 764, 024	November.....	5, 488, 694
March.....	5, 725, 924		
April.....	1, 998, 678	Total.....	102, 709, 525
May.....	6, 461, 296		
August.....	3, 413, 936		
September.....	6, 843, 876		
October.....	5, 427, 326		
November.....	2, 415, 087		
December.....	9, 897, 790		

At the usual carload weights it would have required a solid train of refrigerators nearly as long as from Washington to Baltimore to carry such a quantity.

And the above figures, as those previously given, represent deliveries only to the United States Government which at the peak probably never equaled 25 per cent of our total production.

You asked for some comparison to show consumption of meat as of other years of normal production, and it occurs to us that an approximate idea of the situation of our company in the war may well be drawn from a comparison of the figures which we gave at the beginning of this statement covering our operations of the fiscal year 1914 (which include but a few months of the great war) with similar figures covering the fiscal year ending October 31, 1918.

	1914	1918
Cattle:		
Number of head purchased.....	458,500	
Total cost.....	\$32,147,506.11	\$76,353,000.00
Average cost per hundredweight.....	\$7.02	
Hogs:		
Number of head purchased.....	1,628,312	2,500,000
Total cost.....	\$30,209,570.94	\$92,516,000.00
Average cost per head.....	\$18.55	
Average cost per hundredweight.....	\$8.09	
Sheep:		
Number of head purchased.....	1,160,340	900,000
Total cost.....	\$5,558,791.46	\$9,939,000.00
Average cost per hundredweight.....	\$5.68	

It might be interesting in this connection also to set down the fact that gross sales for the year 1918 amount to \$286,660,971, and our net profits, after paying interest and taxes, to \$3,376,808, which were at the rate of about 1.2 cent on our turnover, or practically the same rate of net profit as in the war year.

The enormous quantities of pork products sold to the Government show the following table, the effect of the war upon the prices paid for the live animal. From the increases shown and the percentage running to almost threefold in certain cases, it is quite apparent that the increased prices for the hog product have hardly equaled the increased costs of the live animal.

Average monthly and yearly cost of hogs.

Date.	1917-18	1916-17	1915-16	1914-15	1913-14
November.....	\$17.26	\$9.57	\$6.48	\$7.30	
December.....	16.67	9.70	6.32	6.91	
January.....	16.04	10.60	6.97	6.71	
February.....	16.30	12.11	7.82	6.55	
March.....	16.63	14.24	9.17	6.56	
April.....	16.86	15.30	9.42	6.94	
May.....	16.89	15.50	9.53	7.28	
June.....	16.32	15.10	9.17	7.34	
July.....	17.25	14.68	9.46	6.88	
August.....	18.39	16.21	9.68	6.40	
September.....	19.29	17.88	10.26	7.01	
October.....	17.47	17.21	9.51	7.62	

We have given so much in the way of production and price statistics that probably we should not burden the record with very much further detail respecting the other items suggested in your memorandum.

As regards personnel, our company had approximately 12,000 employees prior to the war, of whom some 1,800, including our vice president, Capt. E. Cudahy, Jr., of Company C, Three hundred and thirty-second Machine Gun Battalion, and Sixty-sixth Engineers, entered the service of the United States during the period of the war. Our wage scale increased during the war approximately 72 per cent. Owing to the comparatively rather attractive wages paid the packing-house industry by the award of the mediation commission, our difficulty was not so great (except occasionally) in securing sufficient employees. It was in securing help that was competent and capable. To a small degree female labor was introduced in our plants. It was necessary for us to establish in a number of our departments three eight-hour shifts to enable us to expedite our war orders, and our record of making delivery in advance of the time allotted brought us commendation.

Our records show approximately 30 per cent increase in the number of laborers employed by our plants.

As regards new methods and new processes, the packing industry had on previous occasions been engaged in war work and had continuously been engaged in the export trade. Many new methods were worked out, but they are hard of sufficient consequence to justify lengthening this memorandum. One change of method might be cited as an example, under which, by adopting a certain process of trimming the hind and fore shanks, approximately 30 per cent of the cub space was conserved in the shipping of frozen beef to France. A still further

may was worked out in completely boning out carcasses, but this did not entirely through our beef sales. The requirements of both the Army and Navy for canned meats were so large that it required practically all of our whole help to meet that situation, so that only a small per cent of strictly beef (carcasses) was applied on Government orders.

During the period within which conservation of sugar was necessary, soap manufacturers agreed with the United States Food Administration to give up manufacture of glycerin soap, sugar being a constituent material in connection with the manufacture of this item.

While our company did not directly sell to the United States any very considerable quantity of refined or dynamite glycerin, nevertheless we were very active producers of it, our output, however, to the extent of many millions being taken over by foreign Governments or by manufacturers within the United States preparing explosives for this Government.

We have already given statistics indicating the different kinds of products mainly furnished by us, of which corned beef, corned beef hash, roast beef (being canned), bacon (tinned, crated), hams, lard, lard substitute, margarine, beef extract, are the principal items.

During the early stages of the enlarged operations of the Government there at times difficulties in securing payment for supplies furnished, as promptly as the commercial methods they would have come in, and at times we were somewhat inconvenienced by the lack of such funds. But such difficulties, when attention of the proper official was called to them, were promptly remedied, and experience on the whole was to the effect that the accounting and payment was remarkably well and promptly performed. And as a general proposition the desire and cooperation of the officials in connection with our manufacturing operations, inspecting and shipping conditions were such as to have very greatly aided in our success in delivering the products.

During the year 1918 it was necessary for our company to enlarge our facilities in connection with the smoking of meats (hams and bacon) and also the chilling and freezing of beef. Extensive alterations and enlargement for providing of greatly increased cold-storage space was arranged, principally at our plants at Sioux City, Kansas City, and Omaha.

Canning room facilities also were considerably increased to care for the United States and other government orders.

We have already probably taken more space than is our fair portion in connection with your records, but we would like to close our statement with a note to the capable and intelligent handling of the war food situation of the country by the United States Food Administration, led by Mr. Herbert Hoover, from the packing industry and our company on its part was happy to contribute. The spirit of that administration and of the packers in acquiescing leadership is well set forth in our call to the task which we set forth

THE WHITE HOUSE,
Washington, February 19, 1918.

MR. HERBERT HOOVER: May I not call your attention to this important point: it is a pressing need of the full cooperation of the packing trade, of every packer and employee, in the work of hurrying provisions abroad. Let them understand that they are engaged in a war service in which they must co-operate and act together under the direction of the Food Administration if the Food Administration requires.

Cordially and sincerely yours,

WOODROW WILSON.

HERBERT HOOVER,
Food Administration.

We are proud to have received such a call, and to think that, to the best of our ability, we have measured up to what was desired of us.

Yours, very truly,

THE CUDAHY PACKING CO.,
EDWARD A. CUDAHY, President.

SENATOR SHEPPARD. What other plants do you operate besides that at Omaha? It is South Omaha, is it not?

MR. CREIGH. The two towns are now consolidated. We have plants at Sioux City, Iowa, South Omaha, Kansas City, Wichita, Los Angeles, and a small plant at Salt Lake City.

Senator SHEPPARD. Have you selling branches all over the country?

Mr. CREIGH. We have about 125 branches in some ninety or cities.

Senator SHEPPARD. Do you have any branches abroad?

Mr. CREIGH. None that handle packing-house stuff. We have a very good run on an article called "Old Dutch Cleanser," that we sell abroad. We have selling agents abroad handling packing-house lines, but not what we would call a branch.

Senator SHEPPARD. Do you own some stockyards? Do you own your own yards at Omaha?

Mr. CREIGH. At Omaha; our company has been there about years, and we have no stock in the stockyards at all. Originally when we went there, in accordance with the old custom, the yard company being anxious to build up its yards, anxious to make market there and to have a purchaser there, gave us a bonus of stock and also a bonus in the usual way of part of the plant and buildings, so as to get us there. All those contracts have long since expired.

Senator SHEPPARD. At what points do you own yards?

Mr. CREIGH. We own no yards outright at any point. We have some stock interest in the yards at Wichita, something like 40 per cent. And there, if I may make the point, we feel is one of the most excellent examples of the real benefit to a town and stockyard company of having a big packer there. When we went into Wichita about 12 or 15 years ago, two small, run-down plants were there. We owned neither of them. The stockyards company had never paid a dividend for years. There was no market at all. Sometimes they would have an excellent run, and at other times stock would not stop there at all. The Cudahy people were given a bonus interest in the stock of the yards. They immediately went in there and, by regularity of the market, making a comparable price with other markets, stimulated the stock to come to it. We had no interest in "supporting the market," as Mr. Wilson phrased it, a very characteristic phrase in the trade. The result has been very beneficial at Wichita, the receipts have increased, the yards have benefited, they have a thousand stockyard employees, and everybody has been prosperous. If there had been no big packer there, no packer with finances able to support the constantly increasing receipts, the yards would never have come up. The shippers and live stock producers contiguous to it would have had longer shipment to Kansas City or Chicago. Everybody has been benefited absolutely, by the large packing company coming in there. And the control has, of course, been exercised not to the detriment of anybody, but being interested in the good will of the yard absolutely for the best interest and satisfaction of all the customers of the yards.

Senator SHEPPARD. Has your company or any of its officers taken stock with commission houses or banks that make advances to producers?

Mr. CREIGH. When you speak of "commission houses," live-stock commission firms, as I understand you, of course, they are agents of the seller, and we would not by any chance, ethically or otherwise, be interested in them.

Senator SHEPPARD. I mean commission houses that loan on cattle? Mr. CREIGH. Again, when you say "commission houses"——

Senator SHEPPARD. I mean loan firms.

Mr. CREIGH. If you mean cattle-loan companies, when we went to Wichita, as part of the idea of enabling the yards to develop and the plant to run; we found it necessary to help the live-stock producers contiguous to it to get their stock there. A cattle loan company was formed, in which our people took an interest. That cattle loan company then assisted in stimulating the market.

Senator SHEPPARD. In other words, you helped to furnish trade to do business?

Mr. CREIGH. Through the medium of the cattle loan company. We also took some interest in the establishment of national banks at some points.

Senator SHEPPARD. That is the limit of your interest along that line?

Mr. CREIGH. We have some individuals with a few shares of stock in a cattle loan company there, but at no other point.

Senator SHEPPARD. All right; that is all. We are very much obliged to you, unless you have more figures you want to leave with us.

Mr. CREIGH. There is one item I would like to have Mr. Diesing give you that shows something of the ratio of packing-house cost and the increase as compared with prewar years.

Senator SHEPPARD. We shall be very glad to have it.

Mr. DIESING. I have given that of the live costs. The expense of the plant operation in 1915 figured 32 cents on the hundredweight of live weight. In March and April of this year it figured 78 cents, an increase of nearly two and one-half times in the price of putting the animal through the plant. Labor in 1915 figured 10 cents per hundredweight, live weight of cattle, and it now figures 28 cents; two and eight-tenths times the cost of the labor; two and one-half times increase in the total expense of the plant, nearly 100 per cent increase in the cost of the live animal.

Chairman BALL. Who is your local agent here?

Mr. DIESING. Mr. J. A. Cushing.

Chairman BALL. You have given all the figures?

Mr. CREIGH. We have given everything except to furnish the price list.

Chairman BALL. Very likely we will not need him, but we would like to have his name.

Mr. DIESING. He is acquainted with all the figures.

Mr. MILLER. Another packer on the stand here testified that Washington demanded a particularly high class of meat. Do you find that the case?

Mr. DIESING. Yes, for the good trade. The good trade here wants the very best there is to be had.

Mr. MILLER. They brought out quite clearly that Washington received a better class of meat than other near-by cities.

Mr. DIESING. That is true of some near-by cities. They receive just as good here as in New York City. They get the best there is to be had.

Senator SHEPPARD. Do you sell the hotels here also, or do you have a different organization for selling the hotels?

Mr. DIESING. We do not sell the hotels.

Mr. MILLER. The point I was trying to bring out is that it was stated quite positively by some other packers that Washington demanded and got a better class of meat. Is that so with your company?

Mr. DIESING. Not for 100 per cent of its meat supply. But there is a percentage of good trade here that exacts the very best. For instance, if you ship 100 cattle here at this time of the year, there ought to be 15 or 20 very good ones among them for the best class of trade. The other can be cheaper. I left those figures with you.

Chairman BALL. The figures or the price you receive for your meat, as compared with the price of the receipts, shows the character of meat you handled?

Mr. DIESING. Yes, sir.

Senator SHEPPARD. Did I ask you what the volume of your business was here?

Mr. DIESING. I think Mr. Creigh answered that, one to two million dollars.

Mr. CREIGH. Yes, somewhat over \$1,000,000.

Chairman BALL. Is there anything further? If not, the committee will adjourn until to-morrow afternoon at 2 o'clock.

STATE OF ILLINOIS,

County of Cook, ss:

Personally appeared before me Thomas Creigh, of Chicago, Ill., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 6, 1919, having been read by him, is the truth to the best of his knowledge and belief.

[SEAL.]

WILLIAM J. QUIN, *Notary Public*.

CHICAGO, ILL., August 16, 1919.

STATE OF NEBRASKA,

County of Douglas, ss:

Personally appeared before me William Diesing, of Omaha, Nebr., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 6, 1919, having been read by him, is the truth to the best of his knowledge and belief.

[SEAL.]

C. W. SEARS, *Notary Public*.

AUGUST 17, 1919.

(Thereupon, at 4.45 o'clock p. m., the committee adjourned until to-morrow, Thursday, August 7, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

THURSDAY, AUGUST 7, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF COMMITTEE ON THE
DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Present also: Mr. Thomas W. Miller.

Chairman BALL. The committee will come to order. We have present with us to-day representatives of Swift & Co. We will hear first from Mr. L. D. H. Weld, manager, commercial research department.

STATEMENT OF MR. L. D. H. WELD, MANAGER COMMERCIAL RESEARCH DEPARTMENT, SWIFT & CO.

Mr. WELD. Mr. Chairman and Senators, let me say, in the first place, on behalf of Swift & Co., that I wish to express our appreciation of this opportunity to appear before your committee. We are only too glad to come here. We are only too glad to give all possible information that you may want in helping to solve the problem that you have in hand.

I am sorry that we could not come down on the original date that was set, last Monday, but we wanted to compile a large amount of information dealing with our Washington business, which it was absolutely impossible for us to get together for Monday. That is why we asked for the extension, and I think possibly you will realize from the data we give you that it might have taken us a little time to prepare it.

There are three of us here representing Swift & Co. Besides myself there are Mr. J. M. Chaplin, the chief accountant of Swift & Co., who will take the stand formally or not, as you please, but who will be on hand to help me out on questions involving details and Mr. J. P. Healy, our district manager, who has headquarters in Baltimore. I believe you requested that our Washington manager appear. Our Washington manager is away, and Mr. Healy, the district manager, knows the details of the Washington business, and he will be glad to take the stand and give you detailed information about the Washington branch.

Senator SHEPPARD. Do you divide the country into districts?

Mr. WELD. Yes, sir; into sales districts.

Senator SHEPPARD. How many of those are there?

Mr. WELD. Here is where I need to turn to Mr. Chaplin. How many are there, Mr. Chaplin?

Mr. CHAPLIN. About 20.

Senator SHEPPARD. In the United States?

Mr. CHAPLIN. Yes, sir.

Senator SKEPPARD. Have you any abroad?

Mr. CHAPLIN. Only in Great Britain, I think.

Mr. WELD. I would like to give you a brief description of the organization and the steps through which cattle pass from the time that we buy them in the stockyard in the West to the time they are delivered here in Washington—delivered, in fact, to the retailer—and then I will take up the elements of cost involved after I have described that general process.

In the first place, as you know, we have a number of packing plants, 22 in all, scattered over the country with respect to the location of live-stock producing sections and with respect to the location of consuming markets.

Senator SHEPPARD. Will you give us those locations while you are at that point?

Mr. WELD. At Chicago there are three plants; one each at Kansas City, South Omaha, East St. Louis, St. Louis, St. Joseph, St. Paul, Fort Worth, Denver, Milwaukee, Moultrie, Ga., Andalusia, Ala., Cleveland, Harrisburg, Boston, and Jersey City; and two plants each at New York and Newark, N. J.

Senator SHEPPARD. Have you a list there of your branch houses?

Mr. WELD. No, sir; I have not such a list, but we would be very glad to furnish one. There are some 400 of them in all.

Senator SHEPPARD. How many have you abroad?

Mr. CHAPLIN. About 40 or 50, I think.

Senator SHEPPARD. You have them in a number of foreign countries?

Mr. CHAPLIN. Mostly in Great Britain.

Mr. WELD. It is our endeavor in the location of plants, as I have said, to get the proper balance between the producing sections and the consuming sections. To show that we follow the development of live-stock producing sections, I call your attention to the fact that we have these two plants in the South, which have been established within the past two or three years, showing our belief that live-stock production is going to increase in the South, and also showing our desire to help along that production.

In the first place, cattle come consigned either from the farmer themselves or by local buyers who have bought the cattle from the farmers to commission men who are located in the stockyards: On the arrival at the stockyards the cattle are unloaded and driven into the pens of the yards. There the commission men take care of the cattle and see that they are properly fed and watered. When they are ready for sale, when they have their proper "fill," the buyers of the packers drive around through the pens of the stockyards on horseback and make their bids. These bids are accepted or rejected, as the commission man sees fit. Every transaction is a separate tick. When the commission man is satisfied with the price that is offered, he accepts the price and closes the sale. There is absolutely no con-

lusion between the buyers of the different packers—I will speak for Swift & Co.—there is no collusion between the buyers of Swift & Co. and the buyers of the other packers in the making of bids. The bids are often very close together, it is true; but if you could realize the length of time that our buyers have been on this job, how expert they are in guessing the weights of cattle and guessing their dressing per cent (that is the percentage of the live animal that emerges as meat), and the quality of the beef, you would not be so much surprised after all. It is perfectly uncanny the way an expert cattle buyer who has perhaps been giving his whole life to it can look over a whole lot of cattle and guess their dressing percentage and what the beef will be worth. So it is not all uncommon for the bids of different buyers, without exchanging opinions at all, to come within 15 cents or 20 cents per hundred pounds of each other.

Senator SHEPPARD. Are they paid a stated salary or are they paid by volume of purchases?

Mr. WELD. I think they are paid entirely by salary.

Senator SHEPPARD. What does a good buyer get ordinarily?

Mr. CHAPLIN. He gets all the way from \$2,000 to \$10,000 a year.

Senator DIAL. Do the commission people often hold the cattle? Are they prepared to feed them?

Mr. WELD. Yes; but they do not hold them overnight if they can possibly help it. That is, they will hold them back during the day if they are not satisfied with the bids that they receive, but they very seldom hold them over night. The yards practically have to be cleaned up every day.

After a packer's buyer has bought the cattle they are weighed by the stockyards company, the animals are driven into the pens kept by the packing house, and they are killed either the same day or the next day at the latest. The packer has facilities for caring for only a few hundred head at a time, and when the cattle are bought to-day they are either killed to-day or to-morrow at the latest. They are killed and go through the dressing operation. This is not such an ordinary and simple operation as some people might imagine. Skillful work is necessary and a high degree of specialization has been developed, each man performing one certain action in the dressing process. It also requires a very careful supervision of details. As long as we do business on such a small margin of profit, the slightest cut in a hide, for example, in taking it off, might mean that that hide is worth a dollar less and we would then, perhaps, lose money on the whole animal.

Senator SHEPPARD. What is your capital stock?

Mr. WELD. \$150,000,000.

Senator SHEPPARD. What was your margin of profit last year?

Mr. WELD. It was a little less than 2 cents.

Senator SHEPPARD. That is per dollar of turnover, not on your capital stock?

Mr. CHAPLIN. It was about 11 per cent on capital and surplus.

Senator SHEPPARD. About how much on the turnover?

Mr. CHAPLIN. It was a little less than 2 per cent on the turnover.

Senator SHEPPARD. That is a little less than 2 cents out of every dollar?

Mr. CHAPLIN. Yes, sir.

Senator CAPPER. What is the stock of Swift & Co. worth on the market now?

Mr. WELD. About \$130.

Senator CAPPER. How much of an advance is that over the market price of last year?

Mr. WELD. Well, about a year ago it was down to about par.

Senator CAPPER. What is the reason for that increase?

Mr. WELD. What is the reason for the increase in the prices of all stocks? There has been no special reason for the increase in value of the stock of Swift & Co. It was worth just as much a year ago as it is now, intrinsically.

Senator CAPPER. Most of it is due to the fact that somebody is profiteering.

Mr. WELD. You mean that you think that the stock has been manipulated upwards?

Senator CAPPER. Yes; in some way. They have made greater profits than ever before, most of those stocks.

Mr. WELD. Of course, the stock market makes long time swings. If you follow a chart of average stock values, you will find there is this gradual up-and-down swing. We have been on an up swing for a year or so now. I think that is due more to fundamental conditions that I would not attempt to explain. I think it would be pretty hard to prove that it was due to manipulation in any way. I have never heard it charged that there was any manipulation of Swift & Co.'s stock, and I do not believe that there ever has been.

Senator CAPPER. Stocks usually go up when profits increase and go down when profits decline.

Mr. WELD. There has been no perceptible change in a general way in the profits earned by Swift & Co. now as compared with a year ago, which would account for any change in the value of the stock.

Senator SHEPPARD. Do you remember what your margin of profit was in 1917?

Mr. WELD. On sales?

Senator SHEPPARD. On your turnover and on the capital stock.

Mr. WELD. It was something over 3 per cent on turnover, nearly 4 per cent; and about 21 per cent on capital and surplus. Is that correct, Mr. Chaplin?

Mr. CHAPLIN. It was about that.

Senator SHEPPARD. Then your profits are not as much this year as they were the year before?

Mr. WELD. No, sir. In 1918 they were about on a prewar level. Of course, you understand that our profits were limited by the Food Administration last year. A minimum price was set on hogs for a part of the year and a maximum price for pork products, so that that probably had some effect on our profits. Our profits were less than the amount allowed by the Food Administration. The recent report of the Food Administration shows that the profits of the five large packers on all capital employed in the meat departments were only 5.6 last year, 1918, and that those profits amounted to less than 2 cents on each dollar of sales.

After the cattle are dressed they are run into a "cooler," as we call it, a refrigerated room where the animal heat is removed. Here the carcasses are chilled, but not frozen. They remain in the cooler

one to four days, an average of about two and a half days. They are loaded into refrigerator cars and shipped to our branch houses. In shipments to Washington it takes now about five days from Chicago. That means that the beef arrives in Washington from 7 to 10 days after the animals have been killed. Sometimes, of course, there are car shortages. There are unforeseen delays and delays are apt to result in very heavy losses. It will not do to let beef deteriorate in quality. If it becomes stale, we have to take care. The efficiency of the refrigerator car service is of extreme importance to us, and that is the principal reason we believe it might be a mistake for Congress to require packers to do away with their refrigerator cars and to require the railroads to furnish them.

Senator SHEPPARD. How many have you?

Mr. WELD. We have about 7,000.

Senator SHEPPARD. Do the packers use each others' refrigerator

Mr. WELD. No; not as a general proposition. Possibly once in a while we rent a car to another packer. I know we have done that in the case of small packers sometimes and in the case of outside shipments sometimes as a matter of accommodation. But we do not pool equipment at all, if that is what you have in mind.

When the beef arrives in Washington it is unloaded into our refrigerated salesroom in our branch house and it is immediately ready for sale. We have to get rid of it as rapidly as possible. The fixed expense is to clean up our branch houses every week. That is, stuff that is for this week's sale has got to be cleaned up this week. It is a waste of time to carry it over because if it begins to show the least bit of mold or deterioration retailers will not buy it unless we drop the price substantially. Of course, in some cases retailers buy—I do not know whether that is done here in Washington or not—but they buy it and let it hang some time before they sell it; but we can not do that because we can not get rid of it at full market price if it has begun to show any mold or deterioration.

We have one branch house here in Washington down at the Center Market. In buying meats at our branch house here in Washington the retailers come in person and inspect the meat. They shop around from the branch house of one packer to the branch houses of others, the other packers having branch houses here in the same city. There are no instructions as to prices. There is no uniformity in prices between the branch houses of the different packers, so that the retailers would not find it worth while to shop around from one to the other.

Senator SHEPPARD. What is the smallest part of the carcass which your branch house generally sells?

Mr. WELD. I am going into that matter of cuts later, and I would be very glad to answer that question then or have Mr. Healy answer it.

Senator SHEPPARD. That is all right.

Mr. WELD. Each transaction in selling a piece of beef is a trade in itself. It is here in the branch house that the competition between the different packers is the most evident. If any person wants to make a thorough investigation of the packing business, he will find by visiting our branch houses all kinds of evidence of competition. He will

be impressed by these proofs of competition and by the exertion made by the branch-house managers in order to make a good showing rather than by any possible suggestion of collusion or agreement.

After the sale is made in the branch house we deliver the goods to the retailer in our own wagons and trucks.

Now, that describes briefly the steps. Let me point out in this connection that the packer furnishes an extremely direct marketing system. It is very commonly urged that marketing ought to be as direct as possible, and that there should be as few middlemen as possible. If you stop to think of it, you will realize that the packer furnishes the most direct marketing system possible. He buys the cattle in the West in the stockyards, puts the cattle through his own packing plant, ships in his own refrigerator cars, sells through his own branch house, and delivers to the door of the retailer in his own trucks. There are no wholesalers; no brokers; no extra handlers.

I might also call attention to the fact that such a direct marketing system is possible only when a concern does a very large volume business, and that is one reason why the people of the country should be thankful that there are large packers who can have such organizations to take goods directly from the stockyards of the West to the retailers in the East at the lowest possible cost and at a margin of profit that a small concern could not possibly do business on and live.

Mr. MILLER. How many packing companies in the United States have those facilities?

Mr. WELD. The five largest have those facilities practically scattered all over the country. I do not know just how many there are, but I suppose there are 40 or 50 other packers that have from 20 to 40 or 50 branch houses each.

Many of the other packers—houses like Kingman, Dold, or H. J. Mell—are really very large concerns, and many of them have a number of branch houses.

Mr. MILLER. Do the smaller packers use the facilities of the large packing houses?

Mr. WELD. No, sir.

Mr. MILLER. Then, the five larger packers are the only ones who have the services that you enumerated?

Mr. WELD. A packer has to be large before he can afford a distributing organization to do this. As I say, that is one reason why the large packer is a distinct advantage to both the live-stock producer and to the consumer.

Senator CAPPER. Does not the refrigerator-car system make almost impossible for the small packer to get on his feet?

Mr. WELD. No. The small packer, of course, generally does more of a local business than a long-distance business. A small packer in the Middle West can not do a big enough business to have a branch house here in Washington and one in Philadelphia and one in New York. You could not very well do business through one or two branch houses so far away, because you have to be able to distribute your goods to the various markets as the demands vary. Some of the smaller packers to-day have some refrigerator cars, but many of them do not because they do more or less of a local business.

I might say, in that connection, that if it is deemed necessary and expedient for the smaller packers to have more refrigerator cars,

can not see why it would do the country any good to take ours away from us and make the railroads furnish all the refrigerator cars. You might require the railroads to furnish sufficient refrigerator cars for those who need them. It would do no good to dissipate our facilities. There are not enough meat refrigerator cars in the country now. It would do no good to take our cars away from us and hamper us in performing the necessary and efficient service we are now giving.

Senator CAPPER. Why should not refrigerator cars be handled on the same plan as all other freight cars?

Mr. WELD. Because they require expert supervision all the way through. They have to go through on certain schedules. We have a transportation department that knows where every car is every day. The men in our transportation department see that no time is lost. They see that the cars are kept properly cleaned and repaired and that commodities are never put into those cars that would be injured by the dampness of the cars or that would transmit an odor to the cars which would injure our meats. It requires a special expert service to handle refrigerator cars, and the railroads are not equipped and haven't the special organization and skill that would be necessary.

Senator DIAL. Please explain to us what control you exercise over your branch house here.

Mr. WELD. Do you mean with regard to prices?

Mr. DIAL. Yes. What do you have to do, for instance, with your house here in Washington if you ship the meat from Chicago?

Mr. WELD. We do not do anything in the way of giving the costs or prices to our Washington manager at which to sell. We ship him the beef and tell him to do the best he can and to show as good results as he can. Our branch house manager sells in competition with the managers of the branch houses of the other packers.

Senator SHEPPARD. What is your amount of business here in Washington?

Mr. WELD. I shall have to ask Mr. Healy to answer that later on. He will go into that phase of it, and if you will reserve your questions for Mr. Healy on those points I shall be glad.

One other point before I take up our actual cost-and-profit figures on the Washington business. The point is sometimes made that when we speak of our profit per pound of product or per dollar of sales that that is not what the public are interested in; what they want to know is the profit on investment. We are ready to discuss that at any time, but the point is that when you are going to consider the effect of packers' profits on prices, you get nowhere by considering the profit on investment. That is, you have to compare our profits with sales, or per pound of product. That is why we lay so much emphasis in our advertising, for example, on the fact that our profit is only a fraction of a cent per pound. We have established by absolute proof that our profit is an infinitesimal profit in prices and that the high prices of beef today can in no way be attributed to the packer.

I will outline briefly what we have prepared in the way of figures on our Washington business. The instructions that we received were that you wanted figures on our cattle and beef operations here

That covers some 700 or 800 cattle—I do not know the exact number, but I can get it if you want it—that were sold in Washington during the five weeks ended August 2, 1919.

That shows that we paid on an average for these cattle \$12.73 per hundred pounds. Of course that is cattle of all grades. I do not know just what the range in price was, but probably from 6 or 7 cents to 16 or 18 cents. That is the average price per hundred pounds.

From every hundred pounds of live animal we were able to get only 55.14 pounds of beef. In other words, as we express it in the packing business, the "dressing per cent" was 55.14. On that basis 55.14 pounds from every hundred pounds of live cattle, not taking into consideration the expense of killing and selling, or the return from by-products, means that our raw materials cost us \$23.09 per hundred pounds of beef. In other words, our raw material cost on the basis of getting only 55 pounds out of a live animal was \$23.09. Now, we add the expense of killing, freight, operation of branch houses of \$2.50 per hundred pounds, making a total cost of the raw material and expense of killing \$25.59 per hundred pounds. But we get for hides and by-products \$6.67 per hundred pounds of meat, making the net cost of the dressed beef \$18.90 per hundred pounds.

The price that we actually received in Washington for that five weeks' period was \$19.01, leaving a net profit of 11 cents per hundred pounds, or about one-ninth of a cent per pound of beef. Is that clear? Are there any questions on that?

Senator SHEPPARD. What proportion of that \$6.67 is represented by hides?

Mr. WELD. Well, we have complete details on that, Senator, even to the different grades of hides. About what proportion, Mr. Chaplin, of that \$6.67 is represented by hides?

Mr. CHAPLIN. About two-thirds.

Mr. WELD. It is by far the most important item.

Senator SHEPPARD. Are hides higher now than they have ever been?

Mr. WELD. Very much. I will go into that a little later on.

Senator SHEPPARD. You are getting more now for hides yourself?

Mr. WELD. Yes, sir; but, as I will explain later, it has not resulted in any greater profit on our total beef and by-products operations.

Senator SHEPPARD. You credit the cost of beef with the proceeds of your by-products?

Mr. WELD. Yes, sir.

Senator CAPPER. How does the \$19.01 per hundred pounds you get in Washington now compare, say, with what you got in 1914 in normal times?

Mr. CHAPLIN. I think it was around 11 cents, but we can get you the actual figures if you desire them.

Mr. WELD. Do you want us to get the actual figures?

Senator CAPPER. Yes; I think it would be interesting to have them.

Senator SHEPPARD. We would like to have them for the last several years.

Senator CAPPER. You might furnish them for the years from 1914 to 1918, inclusive, and also the average price that you paid for cattle in Chicago.

Mr. WELD. We will have to get that latter information from Chicago. As I said, the part I explained was on the 100-pound basis.

Here is practically the same thing on the other chart, but it is on the per head basis; that is, per head of cattle. We pay for live cattle, which averaged 843 pounds in weight, at the rate of \$12.73 per hundred, the same as on the other chart, making \$107.33 per head for the cattle that were sold in Washington in the form of beef.

Beef results, Washington, five weeks ended Aug. 2, 1919, Swift & Co.

[Per head basis.]		Per head.
Paid for live cattle, 843 pounds, at \$12.75 per hundredweight-----		\$107.33
Expenses, killing, freight, selling-----		11.63
		<hr/> 118.96
Receipts:		
Beef (465 pounds at 19.01 per hundredweight)-----		88.40
Hides and by-products-----		31.07
		<hr/> 119.47
Subtracting total expenses (above)-----		118.96
		<hr/>
Profit (11 cents per 100 pounds, or $\frac{1}{3}$ cent per pound)-----		.51
Proportion of total receipts:		Per cent.
Paid for live cattle (raw material)-----		89.84
Expense-----		9.74
Profit-----		.42
		<hr/> 100.00

Senator SHEPPARD. You paid that for it at Chicago?

Mr. WELD. Not necessarily at Chicago; in our western packing plants.

Senator SHEPPARD. The producer got that?

Mr. WELD. Yes; minus his freight and yardage charges.

Senator SHEPPARD. So the producer has been getting over \$100 per head during the last few weeks?

Mr. WELD. Yes; for these cattle we bought to sell in Washington.

Senator SHEPPARD. Would not that statement apply to the other places where you sell as well?

Mr. WELD. I am not sure that that average would be the same for the country at large. Each market takes certain fairly definite types of beef.

Senator SHEPPARD. As a rule, you sell higher-class meat in Washington than you do in any other place?

Mr. WELD. Mr. Healy can answer that better than I can. We paid an average of \$107.33 per head of cattle. Our expenses for killing, freight, and selling were \$11.63 per head, making a total cost for the raw material of \$118.96.

Now, what did we get as a result of making that outlay of \$107.33 for the cattle and \$11.63 for expenses? We got, first, for the beef (465 pounds out of 843 pounds live weight), \$88.40. We paid for the live animal \$107.33 and got for the meat \$88.40. But we also got for hides and other by-products \$31.07, making total receipts of \$119.47. Subtract from that the total cost of raw material and expenses, which was \$118.96, and it leaves a profit of 51 cents per head, which is one-ninth of a cent per pound of beef.

I also call your attention to the fact that where we paid \$107 for the animals and we got \$119 for the products, the beef and by-products, that means that we paid almost 90 per cent of our total receipts out for our raw material. In other words, the farmer was paid practically 90 per cent of the price that we received for dressed beef and by-products. Of course, the farmer's expense of freight and commission and yardage had to come out of his portion, but we paid out practically 90 per cent of what we got. The expense was 9.74 per cent of our total proceeds and our profit 0.42 per cent of our total proceeds.

Senator DIAL. Is not that a pretty excessive expense, \$11.63 per head?

Mr. WELD. I will analyze that for you in a minute. If you can show us where we can cut it down, we will be very glad to have you do so.

Senator DIAL. It just occurred to me that it was excessive.

Mr. WELD. That is $2\frac{1}{2}$ cents a pound. We paid $12\frac{1}{2}$ for the animals. It cost us $2\frac{1}{2}$ cents per pound to buy the animals, to kill them, to dress them, to transport them, and to pay freight to Washington and to operate our branch house with its refrigeration facilities, corps of salesmen, accounting force, etc., and to deliver to the retailer's door in our wagon or truck.

Senator DIAL. Is not that included in that figure, too, the trucks, etc.?

Mr. WELD. Yes, sir. It is all in there. It does not sound excessive when you realize that all this service is performed for $2\frac{1}{2}$ cents a pound, does it?

Senator DIAL. Well, I did not know all the details that made up the figure. I was thinking that with your great facilities and expedition in handling beef, it looks like a pretty large amount per head.

Senator ELKINS. What percentage of No. 1 do you ship into Washington?

Mr. WELD. I shall have to call on Mr. Healy for that information.

Mr. HEALY. About 75 per cent.

Mr. WELD. Those figures analyze our cost and profits in a general way and show the average price per 100 pounds received for all dressed beef sold in Washington for that period.

For one week ending July 26—we took only one week because it meant collection of a good deal of data even for that length of time, although we could give it just as well for five weeks if anything would be gained by it—we have prepared figures showing the range of prices for the different cuts. Of course, we sell some whole carcasses and some whole sides, and some we cut up into different wholesale cuts. We have prepared figures showing the range of prices for the different cuts and the average prices for the different cuts for this week.

I might call your attention to the fact that these are not the retail cuts. They are the few major cuts into which the packer cuts his carcass of beef.

(The statement referred to will be found at the close of Mr. Weld's testimony, marked "Exhibit Weld 1.")

Senator SHEPPARD. Does he do that at Chicago or at Washington?

Mr. WELD. He does that here in Washington.

Senator SHEPPARD. As a rule, in what shape is the carcass when it leaves Chicago? Is it a whole carcass?

Mr. WELD. No; it is in quarters.

Senator SHEPPARD. It is in four parts?

Mr. WELD. Yes. As I say, these are only the few major cuts in which a packer cuts a side of beef. Take a loin, for example. The first one on the list is a loin. The retailer gets several cuts and has a certain amount of waste. In other words, it is unfair to compare the retail price of a single cut out of that loin with the wholesale price that we charge him. He has to charge different prices for the different cuts, and he has a certain amount of waste. What the prices are and what that waste is, we do not know.

Senator SHEPPARD. When you cut it up, do you sustain a certain amount of loss?

Mr. WELD. I do not know about that in detail. I know this, that the price we realize when we cut it up into these major whole cuts is practically the same as if we sold a whole quarter.

Senator SHEPPARD. You do that as a matter of accommodation?

Mr. WELD. Practically; yes, sir. Does that answer your question?

Senator SHEPPARD. Yes; I think it does. But what is his waste?

Mr. WELD. I do not know. I am not prepared to say.

Senator SHEPPARD. I mean, when does it come, in subdividing? Are there certain parts of it that he can not sell?

Mr. HEALY. The loss, do you mean?

Senator SHEPPARD. I mean the loss that the retailer has when he resells.

Mr. HEALY. Do you mean his shrinkage and fats?

Senator SHEPPARD. Shrinkage and fats, etc.

Mr. HEALY. It results in shrinkage and fats and bones that have been left over.

Mr. WELD. Now, you notice that from the table on the first page at the bottom of the column to the right, the average price we got in that week for these quarters that were cut up was \$19.35 a hundred weight. The loins, which constitute 23 per cent of the total weight of the side, sold at prices ranging all the way from 10 cents to 32 cents.

Senator SHEPPARD. Is that what is known as the sirloin?

Mr. WELD. Yes, sir; that is in the loin, the sirloin, and the porterhouse and the club steak.

Senator SHEPPARD. And the tenderloin?

Mr. WELD. Yes. You will notice that the extreme spread was from 10 cents to 32 cents, and that the average was 26 cents a pound. You will notice on the second page the detail of the sales of those beef loins. There was only one at 10 cents; there was one at 11 cents; three at 20 cents, etc., showing the actual number of loins we sold in that week at each of those prices, ranging all the way from 10 cents to 32 cents.

Senator CAPPER. Can you give us the same information for hams and bacon?

Mr. WELD. No, sir; it is impossible to do that, because, in the case of beef, we keep track of every single lot of cattle killed, and they go through as practically whole carcasses, that is, only cut

four pieces and sold as fresh beef. In the case of hogs, we cut the animals up in the packing plant. A large part goes into the curing process, which means from two to three months at least before those products are sold, and the identity of the original hog is completely lost. It would be impractical to keep track of the individual hog all the way through as we do in the case of cattle.

Chairman BALL. But you can give us the original price of the carcasses?

Mr. WELD. Yes; but we can not give you any such detailed figures there, because it is impossible to make them up for hogs.

Chairman BALL. No; but we would like to have prices on packages of hams and shoulders, etc., at different times?

Mr. WELD. Yes. Mr. Healy will take care of that.

That shows you the principal cuts we make from a quarter, the percentage that each is of the whole carcass, the range of prices for one week, and the average amount we got per cut. You will appreciate that that gives considerable detail about our sales here in Washington.

Now, in addition to this, we have here the actual record of those cuts of beef cuts. Each item on this shows a single transaction.

Chairman BALL. It shows who got those different cuts?

Mr. WELD. This shows the ticket number from which, if you care, you can trace the purchaser. That does not show up here. The ticket number shows here, but we can give you the information from the office as to whom these were sold.

Chairman BALL. That is, the Washington office?

Mr. WELD. Yes, sir.

Chairman BALL. Please leave that information for the record.

Mr. WELD. This covers several sheets, detailing every single sale of cuts of beef in Washington, the weight of the cut sold, and the price at which it was sold.

Chairman BALL. That is very interesting to us.

Mr. WELD. That is a copy. The original of that is in Chicago. The original carbon is in our Washington office, and this is a copy which was made from that original carbon, if you wish to check back to the original copy.

Record to which reference is made will be found in the files of the committee.)

Senator DIAL. Do you run a hotel supply company here, too?

Mr. WELD. No, sir; I believe we do not. If you want further information on how we handle the hotel trade, Mr. Healy will be glad to give it to you.

Now, I will ask you, from the results as shown by these figures, do you think it might be possible for any kind of Government legislation to decrease the spread between what we have to pay for cattle and what we sell the beef for in the city of Washington. You will notice that our selling price of beef is made up of three principal elements; first, the price of our raw material; second, the expense; and, third, the profit. The profit speaks for itself, having been only one-ninth of a cent per pound during the five weeks under review.

Let us come back to the expenses, which showed here as \$2.50 per hundredweight, or \$11.63 per head, which is the same thing as this

\$2.50 per hundredweight, I would be glad to give you the details of that expense. In the first place, that is split up into three principal parts. First, the packing-house expense, which amounts to \$1.20 per hundred. (This summary will be found at close of testimony of Mr. Weld, marked "Exhibit, Weld, 2.") If you will open to page 2 of this document that has just been handed you, you will find that. Mind you, these are the figures for these 700 or 800 cattle sold in Washington during the five weeks ended August 2. On the second page of this document, in the second column, you will see there under "Expenses," the plant expense of \$1.20; the freight, Chicago to Washington, 67 cents per hundredweight; and the branch-house selling expense, 63 cents. It is those three items added together which make the \$2.50 per hundredweight.

On the next page you will find that \$1.20 analyzed into each detail. It is analyzed into 24 different items, in which labor is the most important item. That one item entitled "labor" does not represent all of the labor employed, because, for example, under "icing," there is some labor there. Most of the items through here have some element of labor in them. That is the analysis of the \$1.20 packing-house expense.

If you will turn over another page you will find this 63 cents per hundred pounds of operating our Washington house analyzed into some 15 or 20 items in detail.

Senator SHEPPARD. Do you own your own house here, or rent it?

Mr. HEALY. We lease it from the Center Market and have 10 years yet to run.

Senator SHEPPARD. I notice here you have the rent figured at \$55.60. Is that per week.

Mr. HEALY. That is per week. That does not include the refrigeration. We buy the refrigeration and power and electricity from them.

Mr. WELD. Are there any other questions on that?

Senator SHEPPARD. Mr. Chairman, do you not think that these statements which he has given us and these charts to which he has referred should be reproduced in the record? They seem to be very valuable.

Chairman BALL. I think they should be reproduced for the record.

Senator SHEPPARD. It would save us a lot of questioning.

(The statements and charts referred to will be found at the close of Mr. Weld's testimony.)

Senator CAPPER. As I figure this out, the labor on 100 pounds of beef, which costs you at Washington \$25.59, is only 33 cents.

Mr. WELD. No; that is not a fair deduction. In the first place, it cost us laid down \$18.90 instead of \$25.59. The labor item in this plant expense is merely the direct labor in the packing plant; in the icing and teaming, and in the freezing and storage and laundry, all the way down through there, there is some labor. There is also labor in the branch-house expense. You will notice that the pay roll is the most important item on the next page.

Chairman BALL. I think it is very important that all these records be incorporated, and that will be done.

Mr. WELD. We would be very glad to have this appear in the record. Whether you want these detailed statements in the back or not, I do not know.

Chairman BALL. Yes; they should all go into the record.

(The records referred to will be found at the close of Mr. Weld's testimony.)

Senator SHEPPARD. Yes; I think they contain very valuable information.

Senator DIAL. What is your system of delivery? I see here an expense for automobile on page No. 2.

Mr. WELD. That is for truck for delivery from the branch house to the retail store.

Senator DIAL. From the retail store to the individual?

Mr. WELD. We have nothing to do with that. Now, these statements analyze the expense in about as great detail as it is possible for us to analyze it.

Senator DIAL. The chairman says he is unable to diagnose the "suspense." What is that item there of \$10.90 for "suspense?"

Mr. CHAPLIN. It is for bad debts.

Mr. WELD. With regard to this cost of killing and marketing of $2\frac{1}{2}$ cents per pound; suppose you could suggest some way that we could reduce that, and suppose you could suggest a way that we could cut it in half. I might then ask you how much effect you think it would have on the price that consumers pay for meat? Of course, we believe that by giving our attention to this thing in a fairly expert way and with the considerable experience we have had, that we have been able to cut this expense down to about the lowest point; and it has been our constant effort for 50 years to do so.

That expense item, however, has increased in the last three or four years, due to labor especially, and, of course, to increases in freight rates. Whereas this expense of $2\frac{1}{2}$ cents per pound for these five weeks, our average expense in 1916 was only $1\frac{1}{2}$ cents a pound. In other words, there has been an increased expense of about 1 cent per pound. If wages and freight rates and branch house operation costs has not increased we might have been able to sell this beef at \$18.01 instead of \$19.01, provided we did not pass it on the other way to the live-stock producer in the shape of a higher price for live stock.

Senator DIAL. We want the live-stock producer to get more; we are not kicking about him.

Mr. WELD. Well, we would like to see him get more, too.

Senator BALL. The object, though, is to see that the consumer gets it for less.

Mr. WELD. You want to see the spread between what the live-stock producer gets and the price that the consumer pays reduced, if possible?

Chairman BALL. Yes.

Mr. WELD. We are giving you, I think, fairly complete data on our part of that spread. We are giving you the absolute detail from our books, and asking you to go out and verify our accounts showing each item of expense from the time we buy the animals in the stock-yards to the time that they are delivered to the door of the retailer in Washington.

Senator DIAL. Speaking for myself, I do not envy any man a reasonable profit, your company or anybody else.

Mr. WELD. You will notice, of course, that our raw material is our principal expense, inasmuch as practically 90 per cent of what we get for beef and by-products goes out for live cattle.

Chairman BALL. You went back to 1916 a few moments ago as the expense account. What percentage was this present figure then 90 per cent or less?

Mr. WELD. I am not sure, but I think it was a little smaller percentage. Do you remember, Mr. Chaplin, the percentage we paid for live stock out of our total proceeds?

Mr. CHAPLIN. I think it was a little less.

Mr. WELD. Of course, the only possible conclusion that you can come to from these figures is that the only way that the wholesale price of beef can come down is for us to be able to buy live stock at a lower price.

Chairman BALL. You mean so far as your price to the retailer is concerned?

Mr. WELD. Yes.

Chairman BALL. We can follow these figures on through.

Mr. WELD. Yes, sir. We believe that we sell beef at as low a price as is humanly possible, considering the price that we have to pay for live stock. That does not mean that I am saying that live stock prices ought to be reduced. That is another question. If the figures in feed cost and in labor cost, etc., in producing live stock would have to be gone into before you make up your mind whether live-stock prices ought to be reduced.

Chairman BALL. You are giving us just the evidence that we want.

Mr. WELD. We are giving you information as to the part that comes into play in this process.

Chairman BALL. We will go to the producers for information on the other subject, and also to the retailers. We expect you to give us just exactly what you are giving.

Mr. WELD. For the details of our business in Washington, I might say, in connection with that, that for the eight months since November 1, the end of our last fiscal year, our total business has run something over \$900,000,000. Our profits to date, which are largely paper profits—that is, they are based largely on inventory values, and we do not know whether we are going to earn them or not—appear to be around eighteen and a half million. Our profits appear to be running, for the current fiscal year, a little less than 10 per cent of our sales.

Chairman BALL. How much is that on your outstanding stock?

Mr. WELD. About 11 or 12 per cent, Mr. Chaplin?

Mr. CHAPLIN. I could not say. I would have to figure that out.

Mr. WELD. The total tonnage so far this year has been about 4,600,000,000 pounds; that is, including the tonnage of all kinds of products handled in all parts of the country; and the profit amounts to about four-tenths of a cent per pound of product sold so far this year.

Mr. MILLER. Will you put in the record the products of Swift & Co. other than beef products?

Mr. WELD. The amount sold just here in Washington?

Mr. MILLER. No; the names of your other products than meat products.

Mr. WELD. Yes. I can give you those in a general way now.

Senator SHEPPARD. Have you a list of them in this chart here?

Mr. WELD. No, sir. Besides the meat—beef, pork, sheep, and lambs—we handle butter, eggs, poultry, cheese, canned goods. That practically covers our list. We have a little bit of dried and salted fish, and in connection with our lard business we make some lard compound. That is a cottonseed oil product.

Mr. MILLER. What do canned goods include?

Mr. WELD. Well, the general line, including meats and also vegetables.

Mr. MILLER. And fruit?

Mr. WELD. Yes, sir. We handle no cereals, no tea, and no coffee or rice. Of course, when I say meat I mean meat by-products as well. That is, the regular packing-house by-products.

I might say that we handle these other products largely because we have the selling organization and the physical equipment with which to handle them. We believe that it would be more or less of a social waste if we used our very elaborate and comprehensive system to sell nothing but beef. With practically the same overhead expense and by using the same facilities we can take on butter, poultry, cheese, etc. We use the same refrigerator cars and refrigerated rooms; we use the same branch houses; we use the same salesmen; we use the same trucks. We have added a greater volume to put through our branch houses. We thereby reduce unit selling costs and make it possible to keep down the costs of selling not only these products we take on but the beef and pork themselves.

Mr. MILLER. Then, you must make a larger profit on these other products proportionately than you do on the products which you have gone into in detail here to-day?

Mr. WELD. Not necessarily. Our profits in those other products vary very greatly. I should say, on the whole, that they do yield larger profits than beef alone.

Senator SHEPPARD. You mean proportionately?

Mr. WELD. Yes, sir; proportionately. I do not imagine that that would be true with respect to our total meat department in the long run.

Chairman BALL. I have heard that the retailers, between the time they receive a side of beef and the time they cut it up to sell, have considerable loss in weight. I have even heard it said that they also buy the large hook that is attached to the side, and that is weighed and goes in as part.

Mr. WELD. Is there anything in that, Mr. Healy?

Mr. HEALY. I do not think so.

Chairman BALL. Of course, that would be an absolute loss to the retailer.

Mr. HEALY. That is absolutely not so. We figure our account sales on a normal shrinkage basis. When those are abnormal, high or low, our system is such that we can check them, and we would know it instantly, and certainly it is not the policy of our house to do anything like that. If it were done by mistake we would have that check on it, and certainly there are no butchers in Washington that I ever heard of that did not check them.

Chairman BALL. I understand that that charge is made, that there is a certain amount of waste.

Mr. WELD. There is a certain amount of waste when the retailers cut the meat.

Chairman BALL. We want to figure as nearly as we can the waste in that side of beef. We expect to examine the retailers following your examination. That would materially affect the returns that the retailer would get, even though he charged a considerable increase in the price per pound.

Senator SHEPPARD. The witness stated a few minutes ago that the retailer had certain elements of loss.

Chairman BALL. Yes; but I wanted to know whether this was a uniform custom, if that hook on which the beef usually hangs goes in as a part of the weight which he buys at that figure?

Mr. HEALY. Absolutely no.

Senator DIAL. What about the quantity of cattle on hand now? Is there any scarcity?

Mr. WELD. That is a rather hard question to answer. There is not a shortage. Of course, the falling off in the export demand has meant that there is not such a great demand for cattle as there was six months ago, and the price of cattle has dropped and the wholesale price of beef has dropped just as much as cattle have.

Senator SHEPPARD. Have the exports of beef dropped in the last six months?

Mr. WELD. Yes; we are not exporting any beef.

Senator SHEPPARD. What are you exporting?

Mr. WELD. Pork products.

Mr. MILLER. You explained to the committee a while ago why you could not go into the details on pork as you have in reference to beef in these tables. Are you prepared to say whether you make a large profit on your pork than you do on your beef? You have it plainly before us what you make on your beef?

Mr. WELD. Yes, sir; we have been making a larger profit in the last few months. Of course, our beef has not been profitable. On the whole, our beef operations have shown a loss since the first of the year. It keeps shifting about that way.

Mr. MILLER. Then, do I understand that in the last few months the pork may have had to bear the "burden"?

Mr. WELD. If you want to speak of it as the "burden." The next few months it may be the other way around. We are hoping all the time that our beef will show a decent profit.

Mr. MILLER. Can you state how long beef has been behind pork in profits?

Mr. WELD. I should say about six months. I do not know exactly. I know since the first of the year, in general, the beef business has been bad for us.

Mr. MILLER. How about mutton and lamb with respect to pork and beef?

Mr. CHAPLIN. We have made money on mutton and lamb, if you include the wool business.

Mr. MILLER. Yes; that is a by-product, of course. Have you made more than you have on pork or more than you have on beef?

Mr. CHAPLIN. A little more than we have on beef.

Mr. MILLER. But, on pork, you made a little more than on mutton or beef?

Mr. CHAPLIN. Yes, I think so.

Senator CAPPER. What becomes of most of your hides?

Mr. WELD. I was just going into some figures on hides, and I would be glad to take that up. We sell approximately half of our hides to outside dealers and tanners and put approximately the other half through our own tanneries. Is that a correct statement, Mr. Chaplin?

Mr. CHAPLIN. That is about right.

Senator CAPPER. You have your own tanneries?

Mr. WELD. We have about four. We put about half of our hides through them.

Senator CAPPER. There has been a big profit in hides during the last few months, has there not?

Mr. WELD. The price of hides has risen tremendously. The price of heavy steer hides, for example, has risen from about 28 cents in April to 53 cents this last month. The increase in heavy steer hides, however, has not been as great as the increase in the light hides, which have gone up from 22 cents in April to 61 cents in August, almost three times.

An attempt has been made to make it appear that the packers have been getting extremely large profits on hides, although they have been saying that they have been losing money on beef. The point is that our hide operations are a part of our cattle and beef operations, that our buyers, in buying cattle, take into consideration the value of the hides and other by-products. They know what hide values are and what beef values are, and in bidding on cattle, they take these values of meat and hides and other by-products into consideration.

For that reason, an increased price of hides does not represent that much profit to the packer. It merely reduces the spread between the live-cattle prices and the dressed-beef prices. That is, when hides are going up, it means we are forced by competition with other buyers to pay more for our cattle, because each packer knows that he can get more for his hides than he has been getting. As I say, the results I have given you include the returns from hides, and we have lost money on our total beef and by-product business, although it has been looking a little bit better lately.

That increase in hide prices has not resulted in the packers getting a larger profit. It has resulted in the narrowing of the spread between the live-cattle prices and the prices that we get for meat, and that is shown in a very clear fashion by these figures. I have just had them written off in pencil, so there will be a copy for each of you.

Effect of increase in hide prices on spread between live and dressed prices.

	March, 1919, 4 weeks.	July, 1919, 5 weeks.
Paid for live cattle.....	\$12.13	\$11.28
Received for dressed beef.....	20.62	17.93
Spread.....	8.49	6.65
Decrease in spread:		
Per hundredweight.....		1.84
Per pound.....		.014

Senator DIAL. Are you doing anything to encourage the production of live stock?

Mr. WELD. Do you mean in the way of putting out breeding animals or anything of that sort?

Senator DIAL. Yes; anything like that?

Mr. CHAPLIN. Yes; we have done that to some extent in the South. I think.

Senator SHEPPARD. You have taken stock in banks to help finance the producers?

Mr. WELD. Yes, sir.

Senator SHEPPARD. And in loan companies?

Mr. WELD. One of the principal ways in which we have served live-stock production is in the furnishing of facilities in the way of stockyards and putting plants in where we knew they would not be profitable for a year or two, as we did in Georgia and Alabama, and in developing market papers which would give good market information by quoting market conditions, and in developing cattle-loan banks to help finance live-stock production.

Senator SHEPPARD. Can you tell us the principal credit institutions in which your stock is located in a general way?

Mr. WELD. I will have to ask Mr. Chaplin to name two or three points.

Mr. CHAPLIN. Swift & Co. are not interested in these banks. That is purely a matter of the Swifts alone, I understand. The company is not interested in it.

Senator SHEPPARD. That is the case I think with the other packing companies. You have one at South St. Paul?

Mr. CHAPLIN. Yes; at South St. Paul.

Senator SHEPPARD. Fort Worth?

Mr. CHAPLIN. Fort Worth, South St. Joe. That is all I remember. But the company is not interested in those.

Senator SHEPPARD. I understand, but the Swifts took stock in those banks to establish facilities for producers.

Mr. CHAPLIN. Yes, sir.

Senator DIAL. Do you get enough cattle locally to keep those plants in Georgia and Alabama running?

Mr. WELD. I think we do now.

Senator DIAL. Are they not new plants? Were they not built within the last two or three years?

Mr. WELD. Yes, sir; at least, they have belonged to us only two or three years.

Mr. CHAPLIN. The main trouble is that it is either a feast or a famine. They have too many at one time of the year, and the rest of the year they don't have enough.

Senator DIAL. They ship them in and ship them out?

Mr. CHAPLIN. The supply fluctuates at different seasons of the year.

Senator SHEPPARD. Have you any cattle from South America in those southern packing plants?

Mr. CHAPLIN. No, sir.

Senator SHEPPARD. Do you think there is any possibility along the line, or have you studied that situation?

Mr. CHAPLIN. There are some coming in from Mexico, but they would be killed at the border. I think there are some coming in from

with America, by way of New Orleans. They would have to be there. We have no plant at those points.

Senator DIAL. Is there any plant at all at New Orleans?

Mr. CHAPLIN. Yes; I believe there is.

Mr. WELD. We have none there now. I handed members of the committee some figures on hides that I would be glad to have them look at for a moment, showing the effect of this increase in the price of hides on the spread between the price of live cattle and the price of dressed beef. These figures apply to the whole country, not to Washington business alone. For four weeks in March, you will see that for live cattle we paid an average of \$12.13, and for dressed beef we got an average of \$20.62 per hundred pounds, leaving a spread of \$8.49 between the two. In July, for five weeks, the average price paid for live cattle was \$11.28, and for dressed beef we got \$17.93, leaving a spread of only \$6.65. In other words, the spread between the price of live cattle and the price of dressed beef was \$1.84 a hundred weight, or 1.8 cents per pound.

Chairman BALL. That was due to what?

Mr. WELD. To the increase in the value of hides and to a slight increase of other by-products, but principally in the hides. In other words, the increase in the price of hides has been passed on to the consumer in the shape of higher price for live cattle and to the consumer in the shape of lower price for meat than if the price of hides had not advanced.

Senator CAPPER. But still the price of cattle was down lower than three or four months ago.

Mr. WELD. Yes; and might have gone further. There is no doubt in the world but what they would have gone still lower if the price of hides had not increased in the meantime.

Chairman BALL. I might say, in addition, that we have absolutely no control over the price of hides; that Swift & Co. does not account for more than 1 per cent, probably, of the total hide supply of the United States, and not more than 25 per cent of the hide output of inspected hides, and that our tanneries handle less than 15 per cent of the output of leather of the United States. There is no collusion between the packers or with other interests, either in the sale of hides or in the sale of leather.

Senator SHEPPARD. Do you sell to hotels in Washington?

Mr. WELD. I believe we do sell direct to hotels. Mr. Healy will give you the details on that.

Chairman BALL. That covers the principal facts I wanted to give you. Now, two more words by way of conclusion, two or three fundamental facts. First, I want to impress you with the fact that I believe we have proved and have proved to you to-day that we sell meat wholesale at as low a price as it is possible to sell it, considering the price we have to pay more for the live animal. Profits are infinitesimal. You could cut them out and you would never notice the difference in the price of meat. You could cut out our whole expense and you wouldn't notice it to any great extent, because it amounts to only 1 cent a pound for beef that we sell for 19 cents.

Chairman BALL. Do you sell only to the wholesale trade, or do you sell to anybody who will take a quarter of beef?

Mr. WELD. I don't believe we could do that. We couldn't afford to do it. And it would be poor business to cut into the trade of our own customers.

Chairman BALL. These large hotels and places of that kind could not buy through you?

Mr. WELD. They do buy direct of us, yes, sir; and so do boarding houses, I believe.

Chairman BALL. If they should establish a cooperative store in Washington, could they buy direct from you?

Mr. WELD. We would sell a cooperative store just the same as any other dealer.

Senator SHEPPARD. Or cooperative society?

Mr. WELD. Yes, sir; if they have a regular establishment and do a regular business. I understand they had one here, and we sold to it, to a cooperative store in Washington, but I thought you meant if an individual wanted to go down and buy a quarter of beef.

Chairman BALL. What I meant was, would you sell in large quantities to a concern such as a cooperative store, a cooperative society?

Mr. WELD. Yes, Senator. Our best answer is that we have already demonstrated that.

Chairman BALL. For instance, the Government hotel that feeds some fourteen hundred young ladies who work in the departments. I understand they buy from somebody. I do not know from whom they buy.

Mr. WELD. I understand we sold them. Mr. Healy says we sold them.

Chairman BALL. They get very good meat. I have investigated that recently, and wondered how they could furnish the food they do at the prices they charge.

Mr. WELD. Another point I want to make in closing is that it is not surprising at all that there are high meat prices. The price of meat has only gone up about in the same proportion that the prices of other food products have. The price of beef has not gone up as much, I believe. It is positively cheap as compared with foodstuffs in general. Pork has gone up a little more than the average of all foodstuffs. That increase in prices which has come about in all commodities is, of course, due to general conditions, even to world-wide conditions, such as inflation of the currency, the fact that production has been inadequate, and also the fact that there has been an abnormal demand, both on account of prosperity in the United States and on account of the great demand for many of our products from foreign countries. I am merely pointing that out to show there is nothing unusual in the fact that the price of meat has gone up. It is a part of the general movement of prices, and is due to general conditions which are outside of any one single industry.

Chairman BALL. But there is no abnormal demand for beef now?

Mr. WELD. No, Senator. That is why the price of beef has not gone up as much as the price of other foodstuffs, or that is one reason.

And, third, in closing, I want to say one word about this agitation against the packing industry, in that I believe that it is easy to demonstrate that this campaign against us is due to misunderstanding and prejudice, to the fact that people do not understand the facts about our industry. This prejudice and misunderstanding has been

inflamed by the unfair and one-sided, ex parte, investigation that has been made of our industry. We were in hopes that the Federal Trade Commission, when it started with its investigation, would carry out the plan that I believe it was supposed to carry out; that is, that it would study the whole operation from the farm, through the retailer to the consumer, and also that it would study all food products. In some two and one-half years it not only has not studied any other food product than meat, but in the meat industry it has investigated only the packing industry, which, of course, plays the smallest part in the ultimate price of all the factors concerned in the production and marketing of meat.

You will find nothing in the report of the Federal Trade Commission, so far put out, which answers the question: To what extent does the profit of the packer affect the price of beef and the price of live stock? I rather doubt if you will ever find that question answered directly by the Federal Trade Commission. Of course, an investigation into the truth of that point absolutely demonstrates that the packers' profits have practically no effect on prices.

This agitation, this misunderstanding, will keep on until the people have had drilled into them in some way the real facts and the real truths about our industry, and we feel that we ought to have some help in trying to educate the public. There ought to be some people in authority who will come out and tell the truth about us. We know that this will happen some day. We believe that to cater to this misunderstanding and this prejudice, and to allow it to continue, only encourages unrest and Bolshevism. The only way to overcome the misunderstanding about our industry and the unrest that grows out of it is to fearlessly tell the truth about it. Some day the packing industry is bound to hold the position it deserves in the esteem of the American people.

You asked for our Washington beef prices since 1914. We happen to have it here, and I will submit it for the record.

(The statement referred to by the witness was filed with the committee, and is as follows:)

The average wholesale prices received by Swift & Co. for dressed beef at four large consuming centers for the five years—1914 to 1918, inclusive—were as follows:

	1914	1915	1916	1917	1918
New York.....	\$12.24	\$11.64	\$12.12	\$14.15	\$18.03
Philadelphia.....	12.33	11.57	12.11	14.22	18.30
Washington.....	12.19	11.63	11.86	13.67	18.41
Chicago.....	11.59	10.85	11.19	13.10	16.33
Average.....	12.09	11.42	11.82	13.78	17.77

Per cent.

1918 increase over 1917.....	29
1918 increase over 1914.....	47

I thank you very much, Mr. Chairman. Mr. Healy, our district manager, is here and will be glad to give you any information you desire.

(The tabulated statements referred to in his testimony by Mr. Weld are as follows:)

EXHIBIT WELD 1.

Range and average prices on cuts of beef realized by Swift & Co., in Washington, week ending July 26, 1919.

Cuts.	Per cent of total.	Range of prices (cents per pound).	Average prices (cents per pound).	Amount
Loin.....	23	10-32	26	4
Round.....	23	8-30	24 ¹ / ₂	
Rib.....	10	8-32	22 ⁵ / ₈	
Chuck.....	23	8-30	14 ⁵ / ₈	
Plate.....	7	8-26	11 ⁵ / ₈	
Briskets.....	7	5-16	9 ⁵ / ₈	
Shanks.....	7	8-25	11 ⁵ / ₈	
	100	.....	19 ¹⁵ / ₁₆	1

Sales of beef cuts in Washington, week ending July 26, 1919.

Beef loins, per pound:	Cents.	Beef chucks, per pound:	Cent
1 loin.....	10	1 chuck.....	8
1 loin.....	11	4 chucks.....	10
3 loins.....	20	4 chucks.....	12
1 loin.....	22	4 chucks.....	13
10 loins.....	23	2 chucks.....	14
9 loins.....	25	11 chucks.....	15
1 loin.....	26	4 chucks.....	17
3 loins.....	27	1 chuck.....	20
6 loins.....	28	1 chuck.....	25
2 loins.....	29	1 chuck.....	30
15 loins.....	30		
2 loins.....	32	33	14
54	28	Beef plates, per pound:	Cent
Beef ribs, per pound:	Cents.	2 plates.....	8
1 rib.....	8	15 plates.....	10
4 ribs.....	12 ¹ / ₂	11 plates.....	12
7 ribs.....	15	1 plate.....	23
7 ribs.....	18	1 plate.....	26
22 ribs.....	20	30	11
3 ribs.....	22	Beef briskets, per pound:	Cent
3 ribs.....	23	4 briskets.....	5
1 rib.....	24	1 brisket.....	6
17 ribs.....	25	5 briskets.....	10
20 ribs.....	28	4 briskets.....	12
9 ribs.....	30	1 brisket.....	16
1 rib.....	32		
96	29 ¹ / ₂	15	9
Beef rounds, per pound:	Cents.	Beef shanks:	Cent
1 round.....	8	7 shanks.....	8
2 rounds.....	10	30 shanks.....	10
1 round.....	18	18 shanks.....	12
4 rounds.....	20	1 shank.....	13
2 rounds.....	22	1 shank.....	15
2 rounds.....	23	2 shanks.....	16
3 rounds.....	24	2 shanks.....	25
19 rounds.....	25	61	11
4 rounds.....	26		
5 rounds.....	27		
10 rounds.....	28		
4 rounds.....	30		
57	24 ¹ / ₂		

Statement of sales, beef sides, and quarters, in Washington, D. C., week ending July 26, 1919.

Beef sides, per pound:	Cents.	Beef hind quarters, per pound—	Cents.
		Continued.	
1 side.....	12	8 hind quarters.....	26
5 sides.....	15	5 hind quarters.....	27
2 sides.....	14	23 hind quarters.....	28
8 sides.....	16	6 hind quarters.....	29
6 sides.....	16½	30 hind quarters.....	30
2 sides.....	17	3 hind quarters.....	30
8 sides.....	19		
16 sides.....	20		
15 sides.....	21	163	24-75/100
9 sides.....	22		
4 sides.....	22½	Beef fore quarters:	
10 sides.....	23	12 fore quarters.....	7
6 sides.....	24	4 fore quarters.....	8
2 sides.....	27	4 fore quarters.....	10
1 side.....	31	11 fore quarters.....	11
		5 fore quarters.....	12
102	19-97/100	2 fore quarters.....	13
		4 fore quarters.....	12½
Beef hind quarters, per pound—		10 fore quarters.....	14
9 hind quarters.....	14	1 fore quarter.....	15
3 hind quarters.....	16	2 fore quarters.....	16
1 hind quarter.....	17	1 fore quarter.....	19
1 hind quarter.....	19	2 fore quarters.....	20
4 hind quarters.....	20	3 fore quarters.....	22
21 hind quarters.....	21	3 fore quarters.....	23
7 hind quarters.....	22	1 fore quarter.....	24
1 hind quarter.....	22½	1 fore quarter.....	25
25 hind quarters.....	23		
16 hind quarters.....	25	87	14-77/100

EXHIBIT WELD 2.

Summary of results from sales of cattle made by Swift & Co., in Washington, D. C., five weeks ended Aug. 2, 1919, and cattle killed, five weeks ended July 26, 1919.

	Amount.	Percentage of receipts from sales.
Packer received:		
For dressed beef (see detailed statement for one week).....	\$88.40	
For by-products (see detailed statement).....	31.07	
Total.....	119.47	
Packer paid:		
For live animal.....	107.33	\$89.84
For expenses at packing house; freight, Chicago to Washington; and expenses, mailing and delivering to retailer.....	11.63	9.74
Packer's profit.....	.51	.42
Total.....	119.47	100.00

Profit per pound of beef, eleven one-hundredths cent.

Average beef animal, for the five weeks ended July 26, 1919.

Packer paid for live animal, 843 pounds, at \$12.73 per hundredweight.. \$107.33

Expenses:

Plant, slaughtering, refrigerating, loading, etc., 465 pounds, at \$1.20 per hundredweight.....	\$5.58
Freight, Chicago to Washington, including 3 per cent tax, 465 pounds, at \$0.67 per hundredweight.....	3.12
Branch house at Washington, receiving and handling and selling to retailer, 5 weeks ended Aug. 2, 1919, 465 pounds, at \$0.63 per hundredweight.....	2.93
	11.63
Total cost to packer.....	118.96

Packer received:

For dressed beef, 5 weeks ended Aug. 2, 1919, 465 pounds, at \$19.01 per hundredweight.....	\$82
For by-product—	
Hides, 56 pounds (green), at \$37.29 per hundredweight.....	\$20.88
Oleo oil, 35 pounds (raw), at \$18.28 per hundredweight.....	6.40
Other by-product, 843 pounds, at \$0.45 per hundred-weight, live weight.....	3.79
Total by-product.....	31
Total receipts.....	119
Profit	

YIELDS IN DRESSING.

Dressed beef, 465 pounds, or 55.15 per cent of live weight.
Hides (green), 56 pounds, or 6.64 per cent of live weight.
Oleo fat (raw), 35 pounds, or 4.16 per cent of live weight.

Average beef animals killed, five weeks ended Aug. 2, 1919.

EXPENSES

	Per hundredweight.		Per hundredweight.
Supplies	\$0.061	Taxes, personal property.....	\$0.0
Labor .....	.339	Miscellaneous .....	.0
Casualty .....	.018	Repairs .....	.0
Icing .....	.111	Depreciation.....	.0
Express shipping .....	.001	Insurance and taxes, L. B. M.....	.0
Operating—steam, power, light, and refrigeration.....	.080	Protection .....	.0
Teaming .....	.043	Buying .....	.0
Freezer storage .....	.011	General administration .....	.0
Laundry .....	.004	Selling .....	.0
Yards (railroad) .....	.012	Storage.....	.0
Administrative, plant .....	.017	Advertising .....	.0
Insurance, stock .....	.004	Total.....	1.1

Statement of current expense of Swift & Co. at Washington, D. C., for the five weeks ended July 26, 1919.

	Amount.		Amount
Pay roll.....	\$1,131.77	Tax, 1919 (old).....	\$160.
Extra labor.....	18.60	Rent	55.
Street car fare.....	7.60	Branch house, general ex-	
Postage	15.00	pense.....	141.
Telephone tolls	1.80	Casualty insurance ex-	
Stationery, etc.....	5.65	pense.....	16.
Suspense	10.90	Fire insurance.....	10.
Refrigeration	125.94	Claims.....	8.
Stable	25.00	Sundries.....	74.
Automobile expense	277.02	Total.....	2,116.
Telephone	7.50		
Tax, 1919.....	22.90		

Volume, 340,074 pounds; expense per hundredweight, \$0.63.

Average beef animals killed for the five weeks ended July period, 1919.

By-product values:

Hides—

Yield of hides (per cent of live weight).....	6.
Green weight (pounds).....	
Shrink in curing (per cent).....	17.
Cured weight of hide (pounds).....	46.
Cured price, market (hundredweight).....	\$46.
Expense of curing (hundredweight).....	\$0.
Net cured value.....	

46.3 pounds cured hide at \$45.14, \$20.88; packer receives for hides, \$20.88.
 Detail of fat credit:

Live weight of animal (pounds).....						843
Yield of raw oleo fat (per cent of live weight).....						4.16
Weight of raw oleo fat (pounds).....						35
	Yield in oil.	Weight of oil.	Market price.	Less render- ing expense.	Net value.	Amount.
	<i>Per cent.</i>	<i>Pounds.</i>	<i>Cwt.</i>		<i>Cwt.</i>	
No. 1 oleo oil.....	33.8	11.83	\$33.00	\$2.50	\$30.50	\$3.60
No. 2 oleo oil.....	5.3	1.85	31.90	2.50	29.40	.54
No. 3 oleo oil.....	2.4	.84	27.50	2.50	25.00	.21
No. 1 oleo stearine.....	21.8	7.63	27.70	2.50	25.20	1.92
No. 2 oleo stearine.....	.6	.21	27.45	2.50	24.95	.05
"A" tallow.....	1.3	.46	20.60	2.50	18.10	.08
Total.....	65.2	22.82				6.40

Expense covers rendering, pressing, tiercing, and marketing.

Other by-products.	Quantity.	Price.	Amount.
Tongues.....pounds.....	6.00	\$0.15 ¹	\$0.93
Livers.....do.....	8.72	.07	.61
Hearts.....do.....	3.00	.07 ¹	.22
Tails.....do.....	.83	.07 ¹	.06
Sweetbreads.....do.....	.39	.33	.13
Head and cheek meat.....do.....	3.21	.10 ¹	.34
Ear glands.....do.....	.30	.05 ¹	.02
Ox lips.....do.....	.66	.04 ¹	.03
Brains.....do.....	.74	.07	.05
Tripe.....do.....	4.30	1 2.36	.10
Switches.....do.....	1		.03
Tallow.....pounds.....	4.66		.72
Tankage, commercial.....do.....	3.78		.06
Tankage, concentrated.....do.....	4.98		.09
Bones and sinews.....do.....	11.01		.05
Blood, dried.....do.....	6.15		.23
Neat's-foot oil.....do.....	.74		.12
Horns.....do.....	.24		.00
Total.....	59.72		3.79

¹ Hundredweight.

Recapitulation of by-products.

Product.	From—	Weight.	Value.
		<i>Pounds.</i>	
Tallow.....	Heads.....	.81	\$0.141
Do.....	Feet.....	.10	.015
Do.....	Tallow stock.....	2.46	.371
Do.....	Casings.....	.80	.120
Do.....	Tripe.....	.49	.076
Total.....		4.66	.723
Commercial tankage.....	Heads.....		
Do.....	Feet.....	1.12	.004
Do.....	Tripe.....	.22	.001
Do.....	Tallow stock.....	.42	.011
Do.....	Casings.....	1.70	.037
Total.....		.32	.010
		3.78	.063
Concentrated tankage.....	Heads.....	.78	.018
Do.....	Feet.....	.64	.012
Do.....	Casings.....	.55	.011
Do.....	Tripe.....	.39	.007
Do.....	Tallow stock.....	2.62	.048
Total.....		4.98	.036
Bones and sinews.....	Heads.....	4.06	.004
Do.....	Feet.....	6.95	.044
Total.....		11.01	.048
Horns.....	Heads.....	.24	.005

BLOOD.

Yield per head, dried blood (pounds).....	7.54
Analysis, ammonia (per cent).....	16.45
Price per unit of ammonia.....	\$6.40
16.45 per cent units at \$6.40 (per ton).....	\$105.28
Less expense of drying.....	\$30.00
Net price per ton.....	\$75.28
6 15 pounds at \$75.28 per ton.....	\$0.23

TRIPE.

Yield of finished tripe per thousand pounds live weight, if all tripe is saved, 6.87 pounds; saving only 75 per cent of production, or 5.14 pounds.

Grading average:	
5 per cent honeycomb at 5½ cents.....	\$0.27
10 per cent sold to trade at 5 cents.....	.50
35 per cent sold to libby at 5½ cents.....	2.03
45 per cent sold to sausage department at 4½ cents.....	2.02
5 per cent scrap at 4 cents.....	.20
Average price.....	5.02
Less expense of handling.....	2.90
Plus 2 pounds fat to oil house at 12 cents.....	.24
Price per hundredweight in credits.....	2.36
4.30 pounds cooked tripe at \$2.36 per hundredweight.....	.10

NEAT'SFOOT OIL.

See "Feet."
 "Expenses" on blood and tankage includes \$8 ton Charleston freight (to put prices on Chicago basis).

DETAILS OF CATTLE FEET CREDITS.

Product.	Yield per head.	Market price.	Expenses of producing.	Net value.	Amount.
	<i>Pounds.</i>				
Commercial tallow.....	0.05	\$18.65 per cwt.....	\$2.60 per cwt.....	\$16.05 per cwt.....	\$0.08
"S" tallow.....	.05	\$17.50 per cwt.....	\$2.60 per cwt.....	\$14.90 per cwt.....	.007
Neat's-foot oil.....	.74	\$19.50 per cwt.....	\$2.60 per cwt.....	\$16.90 per cwt.....	.125
Commercial tankage.....	.22	\$41.93 per ton.....	\$30 per ton.....	\$11.93 per ton.....	.001
Ammonia, 6.3 per cent.....		\$6.15 per unit.....			
Bone phosphate, 31.9 per cent.....		\$0.10 per unit.....			
Concentrated tankage.....	.64	\$90.48 per ton.....	\$54 per ton.....	\$36.48 per ton.....	.012
Ammonia, 15.6 per cent.....		\$5.86 per unit.....			
Bones:					
Heavy round shins.....	.30	\$85.80 per ton.....	\$28 per ton.....	\$57.80 per ton.....	.009
Light round shins.....	.41	\$75.80 per ton.....	\$28 per ton.....	\$47.80 per ton.....	.010
Heavy flat shins.....	.25	\$75.80 per ton.....	\$28 per ton.....	\$47.80 per ton.....	.006
Light flat shins.....	.35	\$65.80 per ton.....	\$28 per ton.....	\$37.80 per ton.....	.007
Striped hoofs.....	1.42	\$34.33 per ton.....	\$28 per ton.....	\$10.33 per ton.....	.007
Rejected bones.....	.04	\$59.17 per ton.....	\$28 per ton.....	\$31.17 per ton.....	.001
Knuckle bones.....	2.09	\$30 per ton.....	\$28 per ton.....	\$2 per ton.....	.002
Sinews.....	2.09	\$30 per ton.....	\$28 per ton.....	\$2 per ton.....	.002
Total.....	8.65				.197

DETAIL OF CATTLE HEADS.

"A" tallow.....	0.64	\$20.75 per cwt.....	\$2.60 per cwt.....	\$18.15 per cwt.....	\$0.116
"S" tallow.....	.17	\$17.50 per cwt.....	\$2.60 per cwt.....	\$14.90 per cwt.....	.025
Mixed bones.....	4.06	\$30 per ton.....	\$28 per ton.....	\$2 per ton.....	.004
Light steer horns.....	.03	\$170 per ton.....	\$28 per ton.....	\$42 per ton.....	.002
Cow and cull horns.....	.04	\$110 per ton.....	\$28 per ton.....	\$82 per ton.....	.002
Dry pith.....	.17	\$35 per ton.....	\$28 per ton.....	\$7 per ton.....	.001
Commercial tankage.....	1.12	\$37.82 per ton.....	\$30 per ton.....	\$7.82 per ton.....	.004
Ammonia, 5.5 per cent.....		\$6.15 per unit.....			
Bone phosphate, 40 per cent.....		\$0.10 per unit.....			
Concentrated tankage.....	.78	\$109.62 per ton.....	\$54 per ton.....	\$45.62 per ton.....	.015
Ammonia, 18.9 per cent.....		\$5.80 per unit.....			
Total.....	7.01				.172

Prices on tankage are f. o. b. Charleston; prices on other product are f. o. b. Chicago.

Recapitulation of by-products—Continued.

DETAIL OF TALLOW STOCK FIGURES.

Product.	Yield per head.	Market price.	Expenses of producing.	Net value.	Amount.
	<i>Pounds.</i>				
1" tallow.....	1.60	\$20.75 per cwt.....	\$3.60 per cwt.....	\$17.15 per cwt.....	\$0.274
2" tallow.....	.51	\$13 per cwt.....	\$3.60 per cwt.....	\$9.40 per cwt.....	.048
3" tallow.....	.35	\$17.50 per cwt.....	\$3.60 per cwt.....	\$13.90 per cwt.....	.049
Commercial tannage.....	1.70	\$73.52 per ton.....	\$30 per ton.....	\$43.52 per ton.....	.037
Commercial, 11.9 per cent.....		\$6.15 per unit.....			
Raw phosphate, 3.4 per cent.....		\$0.10 per unit.....			
Commercial tannage.....	2.62	\$90.48 per ton.....	\$54 per ton.....	\$36.48 per ton.....	.048
Commercial, 15.6 per cent.....		\$5.80 per unit.....			
Total.....	6.78				.456

TRIPE SENT TO TANKS.

1" tallow.....	0.24	\$17.50 per cwt.....	\$3.60 per cwt.....	\$13.90 per cwt.....	\$0.033
2" tallow.....	.25	\$20.75 per cwt.....	\$3.60 per cwt.....	\$17.15 per cwt.....	.043
Commercial tannage.....	.42	\$83.76 per ton.....	\$30 per ton.....	\$53.76 per ton.....	.011
Commercial, 13.5 per cent.....		\$6.15 per unit.....			
Raw phosphate, 7.4 per cent.....		\$0.10 per unit.....			
Commercial tannage.....	.39	\$91.64 per ton.....	\$54 per ton.....	\$37.64 per ton.....	.007
Commercial, 15.8 per cent.....		\$5.80 per unit.....			
Total.....	1.30				.094

CASINGS TO TANK.

Commercial tallow.....	0.80	\$18.65 per cwt.....	\$3.60 per cwt.....	\$15.05 per cwt.....	\$0.120
Commercial tannage.....	.32	\$93.95 per ton.....	\$30 per ton.....	\$63.95 per ton.....	.010
Commercial, 15.36 per cent.....		\$6.15 per unit.....			
Raw phosphate, 1.03 per cent.....		\$0.10 per unit.....			
Commercial tannage.....	.55	\$92.45 per ton.....	\$54 per ton.....	\$38.45 per ton.....	.011
Commercial, 15.94 per cent.....		\$5.80 per unit.....			
Total.....	1.67				.141

DISTRICT OF COLUMBIA, ss:

On August 18, 1919, personally appeared before me L. D. H. Weld, of Chicago, Ill., who, under oath, stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 7, 1919, having been read by him, is the truth to the best of his knowledge and belief.

JOHN J. McGRAIN, Notary Public.

STATEMENT OF J. P. HEALY, DISTRICT MANAGER SWIFT & CO.

Chairman BALL. Your name is J. P. Healy?

Mr. HEALY. Yes, sir.

Chairman BALL. District manager for the territory including the District of Columbia?

Mr. HEALY. Yes.

Chairman BALL. That includes Baltimore?

Mr. HEALY. That includes Maryland and Virginia, 22 branch houses. The reason I am here is that the manager of our branch is away on his vacation at this time; but I think probably I can

handle the details, for the reason that I have had supervision of house for a little over 10 years.

Chairman BALL. You are in charge of 22 houses in that ritory?

Mr. HEALY. Yes, sir.

Senator SHEPPARD. Are you located in Baltimore?

Mr. HEALY. I live there, but spend more than half of my time in Washington. I think I know the details of the Washington business, for the reason that I have had supervision of it longer than our present manager, and I want you to feel free to ask anything about the details that you would like to know.

Now, our branch in Washington was established in 1888 in same location that we are in now. Different from other places such as Baltimore, Richmond, and Norfolk, and most other places in the United States, we are not located on the tracks. Ordinarily speaking, our branches are built right on the tracks, which helps our facilities considerably. In Washington we have to team and truck our stuff. We truck our stuff to branch houses. The Central Market Co. owns our branch house. We have a lease to run 20 years yet. They furnish all refrigeration, power, light, and other facilities, except the equipment inside. We equip our own coolers to handle our beef and produce business. We also have a smoke house, where we smoke our hams and bacon, and we have a sausage room equipped here. We established that about eight years ago. We have been trying to induce Washingtonians to take sausage. They don't very much. If they did, it would help them some.

Mr. MILLER. Right at that point, Mr. Healy, the representative of another packer testified that a particularly high grade of meat was sent to Washington. Is that the case with your house?

Mr. HEALY. Yes, sir. We don't pull any beef or grasser cat at all. About 75 per cent of our beef received in Washington is selected native, averaging around 450 pounds. We pick them very carefully for Washington.

Senator SHEPPARD. Four hundred and fifty pounds dressed?

Mr. HEALY. Yes, sir.

Chairman BALL. What are they? Are they usually 3 years old?

Mr. HEALY. Most of them are. The 2-year olds would be desirable but they are usually extremely high. We get some of them; not at this time of the year, however. We don't get any Fort Worth beef in Washington at all. We tried that a good many times. I saw "Fort Worth"; the same thing would be true of cattle out of Kansas City. Washington people demand exactly what they think they want. Consequently that makes some of the cost, and there is no question about that.

I will say in connection with the sausage room, that we tried for eight years to operate successfully a sausage business, but there did not seem to be enough of the toilers—I was about to say "workers"—not enough toilers in Washington, manual workers, to demand that kind of sausage.

Senator DIAL. What is the capacity of your house? How many carloads?

Mr. HEALY. We handle between four and five million dollars' worth of business.

Senator DIAL. I mean at one time.

Mr. HEALY. At one time?

Senator DIAL. Yes.

Mr. HEALY. We can put 100 cattle, 400 lambs, two cars of smoked meats, and one car of produce in our house. That represents about one-half of our weekly sales. In other words, we can put into our house at one time half of what we sell each and every week. We also boil hams at Washington and smoke our hams and bacon. We have delivery facilities here. Our total organization is 72 men.

Mr. MILLER. You say your branch house operates at the Center Market?

Mr. HEALY. Yes, sir. We have recently put in a warehouse and garage over on the B. & O. track.

Mr. MILLER. A number of these retailers that sell to the consumer are right there in the Center Market, are they not?

Mr. HEALY. I would say 5 per cent of our customers are.

Mr. MILLER. Only 5 per cent?

Mr. HEALY. Yes, sir. There are 632 dealers in fresh meat in Washington, and I think not more than 30 at the market.

Mr. MILLER. Those retailers who deal at the Center Market and who buy from you ought to be able to sell at a better advantage than people who have no store at the Center Market?

Mr. HEALY. Well, not compared with other markets. I don't see any very great advantage over any of the other many markets around town, but as against a retailer who furnishes service out Northwest, or who runs charge accounts, etc., makes deliveries, of course, he could.

Mr. MILLER. You deliver to retailers outside the Center Market, do you not?

Mr. HEALY. Yes, sir.

Senator CAPPER. Who are some of your principal customers in Washington?

Mr. HEALY. Well, of the 632 we think we sell a little over 400 of them.

Senator CAPPER. Could you give the name of half a dozen of your best customers in Washington to whom you sell or have been selling?

Mr. HEALY. Regardless of the kind of product?

Senator CAPPER. Yes; who buy in large quantities.

Senator SHEPPARD. You mean the large trade?

Senator CAPPER. Yes.

Mr. HEALY. I would say the large trade in Washington in dollars and cents is the Sanitary Grocery Co. They maintain a chain of stores. Our largest customer—I wouldn't say we have him each and every week, but I rather think the largest customer in this market is a fellow named Kidwell. But about the largest user of fresh meat in Washington is the Old Dutch Market, but they buy no western products and maintain an abattoir at Frederick. I would not say they were our largest customers, but I would say they handle more fresh meat than anyone here.

Senator CAPPER. Does Kidwell have several markets?

Mr. HEALY. He has six markets. We sell Walker-Hughes.

Senator SHEPPARD. Magruder?

Mr. HEALY. Magruder, yes. I rather think we have a good distribution here.

Mr. MILLER. Right there, how do you take care of the hotel trade in Washington?

Mr. HEALY. We sell them direct, as much as we can. We have no objection to selling them. We would like to sell them, but they require a considerable service that I will admit we have not been as successful in giving as we should. Some other parties have organized a hotel supply house, and they are able to give that quick delivery and special service, but we have never thought that advisable. We have some considerable hotel trade, and are aggressive in it and want to do it, but we will not go to the expense necessary to give it the special attention they require.

Senator CAPPER. There is a house here known as Wilson & Rogers, in which I believe your concern is interested?

Mr. HEALY. No, Senator, that is owned by Libby, McNeill and Libby.

Senator CAPPER. Have you no interest in the stock of Libby, McNeill and Libby?

Mr. HEALY. There was a time when we owned them, but about a year ago they were separated from our business. However, I would like to say, Senator Capper, that though I have jurisdiction over this house I never had anything to do with the Libby, McNeill and Libby company. Wilson & Rogers have made no report to the company or me, and I do not have any jurisdiction over them.

Senator CAPPER. Wilson & Rogers buy from Libby, McNeill and Libby, do they not?

Mr. HEALY. Yes, Senator; buy on the market and from us. We call them a customer, and are very solicitous for their trade.

Chairman BALL. We have the different prices given us for beef, but we haven't your prices on hams and bacon.

Mr. HEALY. Yes, Senator, I can give you those. I have the comparative prices here on mutton. I believe the other day you requested that we go back to about the first of the year. Our selling price for lambs for the week ending January 11 was \$28.24 per hundredweight; for the week ending August it was \$21.17. Our average selling price for poultry on January 11 was \$37.38, and for the week ending August it was \$36.47.

Senator CAPPER. You say the average for these lambs at this time is \$21.17. What would be the lowest and highest on that?

Mr. HEALY. About 15 to 25. There are some very thin lambs.

Senator CAPPER. The bulk of it would be around 20, would it not?

Mr. HEALY. Well, no; the bulk would be a little higher than that, for the reason that the cheap lambs are light in weight. To measure it from the Washington standpoint I would say it is a little higher. Our pork loins on January 1 averaged 36.16, and on August 2, 35.24.

Chairman BALL. Do you have the price of eggs?

Mr. HEALY. Yes, Senator; I can give you those. Eggs on January 11 were 66.76. That was our average selling price for that week. Last week it was 46.77.

Chairman BALL. For fresh eggs?

Mr. HEALY. The prices for last week refer to fresh eggs, but in January they were storage eggs; that is, the bulk of them were, all the fresh eggs we could buy, all that were available at that time.

Chairman BALL. Any distinction in the price between fresh eggs and storage eggs?

Mr. HEALY. Yes. There are no storage eggs available now, for the reason that our eggs that left storage in April stood us about 51 cents, and we are selling fresh eggs as low as 43. The market for fresh eggs is 8 cents lower than ours cost in storage.

Senator DIAL. How long do you keep them in storage, as a rule, or how long can you keep them?

Mr. HEALY. The company's policy is to have them out by January 15, eggs that were stored in April, May, and June. I have known them to be out before Christmas, and I have known years we had to carry them until the 1st of February, but I don't think we ever carried them later than that. On butter our price January 11 was 67 cents, and our price last week was 56 cents. These prices I have given so far are all lower. Our hams and bacon are higher. Our hams in January were 36 cents, to-day they are 41. Bacon a year ago was 39 cents, and to-day it is 42 cents. We have our report here of prices on various commodities. If there are any particular items that you might want to inquire about, I will be glad to give you any information you desire.

Senator SHEPPARD. Is it in such shape that it can be incorporated in our record?

Mr. HEALY. Not without rewriting it. I will be glad to do that.

Chairman BALL. I suggest that you rewrite it and submit it.

Mr. HEALY. Yes, Senator; I will do that to-morrow. I have some figures on our oleo price that I might give you. Washington is a peculiar town in that respect. You can't blame it all on the retailer. The public here will have to be educated to buy this oleo at 30 cents instead of butter at 80, and buy some of these sausages instead of tongues. We have a demand in Washington for about 1,500 tongues a week, and we ship 200 cattle into Washington. It seems that when they get scarce and the price gets to 75 cents to a dollar a pound, Washington wants more. We have boiled hams, but they will not take those against some of the other kinds.

Senator SHEPPARD. They have no plebeian tastes at all?

Mr. HEALY. No, sir.

Senator SHEPPARD. They will not eat sausages and they will not eat oleomargarine?

Mr. HEALY. They will not eat sausages, and they will not eat oleomargarine, and they will not eat Texas beef, either, Senator. You know there is something wrong there.

Senator SHEPPARD. There is no excuse for that!

Senator CAPPER. Do you have the comparative prices there of oleo?

Mr. HEALY. Yes, sir.

Senator CAPPER. What are those prices?

Mr. HEALY. They range from 30 to 38 cents.

Senator CAPPER. That is, at this time?

Mr. HEALY. That is now; yes. In January they were from 32 to 34. Thirty-eight is our high price now.

Senator CAPPER. And the bulk of it would be what?

Mr. HEALY. We could not sell any oleomargarine that was not in the better grade, which is 38 cents.

Senator DIAL. When you speak of "boiled hams," do you mean that you sell the ham boiled?

Mr. HEALY. We bone it and boil it.

Senator DIAL. What do you get for that?

Mr. HEALY. We have several grades. We are getting now for our Premium—that is, our better grade—57 cents.

Senator DIAL. How does your price compare now with what it was six months ago? I mean, is it up or down?

Mr. HEALY. Our cost for last year to operate the branch house was 61 cents per hundred and the first seven months of this year it was 69 cents, a difference of 8 cents per hundred pounds.

Chairman BALL. Was there any increase in rents?

Mr. HEALY. No, Senator; we have a long-time lease.

Chairman BALL. That was practically for wages?

Mr. HEALY. In the main, it was wages, and some automobile-truck expense against wagon expense, but largely labor.

CHAIRMAN BALL. But no increase in rent?

Mr. HEALY. None.

Chairman BALL. Are there any further questions anyone desires to ask? You will prepare this statement and submit it to the committee?

Mr. HEALY. Yes; I will prepare that and submit it.

Chairman BALL. Please do that as soon as possible.

Mr. HEALY. I will have it here Saturday.

Mr. MILLER. Have it here Saturday morning.

Mr. HEALY. Very well.

(The statement to which reference was made is as follows:)

Price list furnished by Mr. J. P. Healy, of Swift & Co., August 8, 1919.

Articles.	Jan. 11, 1919.	Aug. 2, 1919.	Articles.	Jan. 11, 1919.	Aug. 2, 1919.
Lambs.....per pound..	\$0.2824	\$0.2117	Butterine.....per pound..	\$0.25-.34	\$0.26-.37
Poultry.....do.....	.3738	.3647	Regular smoked hams..do....	.3587	.3758
Pork loins.....do.....	.3610	.3521	Breakfast bacon.....do.....	.4260	.3921
Eggs.....per dozen....	.6676	.4677	Pure lard.....do.....	.2765	.2913
Butter.....per pound..	.67	.56	Lard substitute.....do.....	.2463	.2978

Chairman BALL. That concludes the hearing for to-day. To-morrow Mr. H. A. Timmins, representing Morris & Co., will testify.

(Thereupon, at 4 o'clock p. m., the committee adjourned until Friday, August 8, 1919, at 2 o'clock p. m.)

District of Columbia, ss:

On August 18, 1919, personally appeared before me J. P. Healy, of Baltimore, Md., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia, in the city of Washington, on August 7, 1919, having been read by him, is the truth, to the best of his knowledge and belief.

[SEAL.]

JOHN J. McGRAIN,
Notary Public.

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

FRIDAY, AUGUST 8, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Present also: Mr. Thomas W. Miller.

Chairman BALL. The committee will please come to order. We will hear to-day from Morris & Co. Mr. H. A. Timmins, the secretary of the company, from Chicago, will appear. Mr. Timmins you may proceed.

STATEMENT OF MR. H. A. TIMMINS, SECRETARY, MORRIS & CO., CHICAGO, ILL.

Chairman BALL. Give your initials, please.

Mr. TIMMINS. H. A. Timmins.

Chairman BALL. Give the capacity in which you appear.

Mr. TIMMINS. Secretary of Morris & Co.

I wish to thank the committee for the opportunity of appearing here on behalf of Morris & Co., and I believe we can show you such facts as will make clear and justify our position in this matter.

I might mention in passing the tremendous increase in the cost of doing business. You gentlemen undoubtedly know how manufacturing costs have increased. Labor has gone up over 100 per cent, and all materials and supplies into which labor enters so largely have gone up proportionately. The conditions apply not only to the packing industry but to business generally. In the old days, only a year or so ago, the 5-cent loaf of bread was the order of the day, and we all think of flour as the principal item entering into the cost of bread and going to make up a loaf of bread, and yet as good an authority as Director Julius Barnes, of the United States Grain Corporation, has stated that—

If flour were furnished to the baker free, the present cost of labor and other materials remaining the same, we could hardly attain the 5-cent retail loaf.

In the study of this subject I presume this committee wishes to know what we pay for live animals, what our expenses are, how much we sell the finished product for, and how we arrive at our costs, and what our profits are. So we have prepared a small chart showing this information first of all on one steer. This chart shows the live cost, expenses at the packing house, including buying, killing, refrigeration

tion, and shipping; what the hide, fat, and other by-products are worth at the actual market value, the freight, selling expenses in Washington, and the price at which it was sold. You will notice a spread of less than 6 cents between the cost and the selling price.

A good deal has been said about the price of hides, but it is reflected right here in the spread. The beef is given credit for every cent the hide is worth, and if the hide sold for less, the cost of the beef would be just as much more.

Senator SHEPPARD. I presume that statement should be incorporated here at this point.

Mr. TIMMINS. I would be very glad, if you wish it.

(The statement referred to is as follows:)

One live steer, weighing 1,204 pounds, costs as follows:

1,204 pounds, at \$0.1226.....	\$147.49
Weight of dressed beef.....	661

	Amount.	Per hundred-weight.
Cost of raw material.....	\$147.49	\$22.31
Packing-house expenses, including buying, killing, chilling, and shipping.....	6.96	.90
Total.....	153.45	23.21
Allowances:		
Hides.....	28.29	4.28
Fat.....	7.59	1.14
Other by-products.....	5.33	.81
Total.....	41.21	6.23
Net cost of dressed beef.....	112.24	16.98
Freight.....		.67
Selling expense.....		.76
Total.....		18.41
Sold for.....		18.11
Loss.....		.30

Cattle selling from 12½ to 24 cents:

	Cents.
Loins.....	24-34
Rounds.....	16-30
Ribs.....	10-32
Chucks.....	8-17
Plates, briskets, shins.....	8-10½

Average beef prices per hundredweight:

	Cents.		Cents.
Apr. 5.....	23.33	June 7.....	19.61
Apr. 12.....	21.64	June 28.....	17.98
Apr. 19.....	23.37	July 5.....	17.82
Apr. 26.....	21.85	July 19.....	18.16
May 3.....	20.89	July 26.....	17.67
May 10.....	21.84	Aug. 2.....	17.39
May 17.....	20.88		
May 24.....	21.41	Average.....	20.31
May 31.....	20.89		

Chairman BALL. Would you mind giving the date that these prices are applicable as to the price in Washington?

Mr. TIMMINS. Last month, for the July period.

I think you will see, gentlemen, from this that the consumer of beef gets the benefit of the high prices of hides in figuring the way we have.

This statement that I have given you also shows what the beef has sold for in Washington for four months; also a memorandum showing the range of prices on beef cuts.

I might call your attention to what we call the spread between the cheap cuts and the loins and ribs. In this day of high living the people want the best cuts, and the poor cuts are sometimes a drug on the market. If the people would learn to cook the cheaper cuts properly—and they can be made very palatable with good cooking—there would be a tumble in the price of loin steaks and rib roasts.

You have asked about waste in the retail stores. I do not know whether you have ever watched a butcher cut a nice steak and the amount of bone, skin, and fat that he trims off to make it look attractive to a particular customer. This has a good deal to do with the high cost.

Chairman BALL. They do all of that trimming before they weigh it, do they not?

Mr. TIMMINS. Sometimes they do, I believe, Senator.

Chairman BALL. The weight depends entirely on whether the weight is taken before trimming is done or after the trimming is done.

Mr. TIMMINS. I have seen them put it on the scales, Senator, after they have done the trimming.

Senator CAPPER. I have seen it put on the scales before the trimming was done a good many times.

Chairman BALL. Of course, that is not a matter for you.

Mr. TIMMINS. Whichever way you take it, Senator, when you get it home, the quantity of meat you have is reflected in the price you have paid for it, anyway.

Chairman BALL. That is true, but the price per pound would differ very materially, so far as that retailer was concerned.

Mr. TIMMINS. Well, it would.

Chairman BALL. If he sold it with all the waste included in the weight, he had no waste; it is the customer that has the waste.

Mr. TIMMINS. That would be true in that case; but after you get it home, it looks sometimes like a mighty small piece of meat for the money you have paid for it.

Chairman BALL. That is for the committee to find out, of course.

Mr. TIMMINS. Turning to pork: 22-cent live hogs mean dressed hogs costing from 28 to 29 cents, according to the yield. Over 20 per cent of the dressed weight sells much below the flat cost. The front feet, cooked and pickled, sell for about 8 cents a pound. The hind feet, which are put into the tank for lard, yield about 17 or 18 per cent, and lard at 35 cents a pound, say, would make them worth about 6 cents a pound.

Chairman BALL. What is your price for lard?

Mr. TIMMINS. About 35 or 36 cents. Then there is the head and the jowls and all of the trimmings; so that the other 80 per cent of the hog cost over 30 cents a pound.

Chairman BALL. Do you not use all of the head and other parts in any way?

Mr. TIMMINS. Yes, Senator; but if the flat cost is 28 or 29 cents, and 20 per cent of that weight sells below the 28 or 29 cents, then it brings up proportionately the balance of the hog.

Chairman BALL. Can you give us what proportion of that h would be in hams and shoulders and loins, etc., and what proportion would be in material that you get a very small return for?

Mr. TIMMINS. It would be a little over 20 per cent, Senator, th would sell below the flat cost, and the other 80 per cent would s either at or above that price. It would consist of the hams and bac and pork loin. The shoulder would sell probably for less than the fl cost.

Chairman BALL. What price is sausage and what price is scrapp

Mr. TIMMINS. What price would the sausage sell for?

Chairman BALL. Not by the retailer; I mean your price.

Mr. TIMMINS. About 28 cents.

Chairman BALL. And scrapple?

Mr. TIMMINS. There is very little pork in scrapple. It is ve nearly all corn meal. It retails at 12 cents a pound, based on a cor meal price, not on pork. There is only a very little pork in it. T average selling price of pork loins in Washington for the week en ing August 2, was 32½ cents, from which must be deducted sellin expense, ice, freight, and boxing.

A good deal has been said about the price of bacon. Our Supren bacon sold in Washington for the week ending August 2, at an ave age of 47¼ cents.

Chairman BALL. Is that in original packages that are not broke when delivered to the retailer, or is that in large bulk?

Mr. TIMMINS. That would be in original packages. A piece o bacon, say, or more than one piece—one side.

Senator DIAL. At what price?

Mr. TIMMINS. 47¼ cents.

I might say in connection with that that only a little over 2 pe cent of the hogs that we kill goes into our Supreme brand of bacon.

Chairman BALL. That is a package that is not broken; the retaile has nothing to do but simply to pass that over the counter?

Mr. TIMMINS. He will buy the piece, Senator, and then he wi probably slice it and sell it by the pound to the customers.

Chairman BALL. You do not put bacon up in original packages?

Mr. TIMMINS. That is not the way I have it here. It is just on piece of bacon. We do put up bacon in glass jars.

Chairman BALL. What is that per pound?

Mr. TIMMINS. There is very little sold in glass jars in Washington. It is sold mostly sliced, over the counter.

This Supreme bacon is especially selected and trimmed, and par ticular attention is paid to the cure. It shrinks about 12½ per cen in curing and smoking, all tending to increase the cost, of course.

Chairman BALL. Is there any shrinkage after it leaves your hands?

Mr. TIMMINS. There might be a little, depending on the length o time that the retailer would hold it.

Chairman BALL. If there is any it is comparatively small?

Mr. TIMMINS. It would be very small, although there would be a little loss with the two ends when he slices it. The first slice or each end would probably be lost to him.

I do not know that I ought to attempt to do any advertising here, Senator, but if you gentlemen like bacon, if you will sometimes ask for a piece of Supreme bacon, I think you will get a piece of bacon

that tastes like more. We have a phrase out in Chicago. We say it is always safe to say "Supreme."

Our Matchless brand of bacon, which is not trimmed as close and has a somewhat different cure, sold in Washington for the same week at 36 $\frac{3}{4}$ cents a pound. That is only about 6 cents above the flat cost of the hog.

Senator CAPPER. What does this Supreme brand sell for here?

Mr. TIMMINS. About 47 $\frac{1}{4}$ cents; and as I was just saying, Senator, only about 2 per cent of the meat from all the hogs we kill is put into Supreme bacon—a little over 2 per cent; it is less than 3.

Senator CAPPER. Do you sell much of this Supreme bacon here in Washington?

Mr. TIMMINS. We sell some; yes, sir; quite a little.

Senator CAPPER. But the bulk is of the cheaper brand?

Mr. TIMMINS. Yes, sir.

Senator CAPPER. What is the name of it?

Mr. TIMMINS. Matchless.

Senator CAPPER. That is sold at 36 $\frac{3}{4}$ cents?

Mr. TIMMINS. Yes, sir.

Gentlemen, that 6 cents above the flat cost at which our Matchless bacon sells has got to take care of the labor and expense of handling and curing, shrinkage, boxing, freight, and the selling expense here.

Chairman BALL. How about your hams?

Mr. TIMMINS. Matchless hams sold in the same week for \$36.70 a hundred pounds. That is very close to the price of Matchless bacon. Supreme hams sold at \$40.36. That is about 40 $\frac{3}{4}$ cents a pound. California hams sold at 26 cents a pound.

Chairman BALL. What is the difference between these hams?

Mr. TIMMINS. The California ham is taken from the shoulder, Senator; and you see that after it has been cured and smoked, all the expense put into it, it sold for 4 cents below the flat cost of the hog dressed.

Senator CAPPER. What did you say the price of it was?

Mr. TIMMINS. About 26 cents. Boiled hams sold at a little under 52 cents a pound.

Chairman BALL. Do you take the bone out?

Mr. TIMMINS. Yes, sir; they are boned and boiled, a lot of fat is taken off, and they are often skinned.

Lard sold for 36.11, which is a fraction over 36 cents a pound. Compound, made from cottonseed oil, was sold at about 27.75 cents.

Turning to the question of profits, our profits last year were 9 per cent on the money invested in our business, and for the last 10 years our profits have been slightly over 8 per cent on the money actually invested in the business.

Senator SHEPPARD. What was the amount of money invested last year?

Mr. TIMMINS. Very nearly fifty millions, I believe, Senator. I believe that on such a showing as that this committee will want to scratch us from the profiteering list here.

Senator SHEPPARD. Have you figures on how much per dollar of turnover represents your profits?

Mr. TIMMINS. About 1½ cents, Senator; and it would probably equal to about one-third of a cent a pound. So that if you take all our profits away from us and one-third of a cent a pound, it would not make very much difference either to the producer or to the consumer.

Chairman BALL. That is on your pork or on all of your product?

Mr. TIMMINS. All of the products; our entire business, Senator.

The Federal Trade Commission has said a great deal about its not being able to determine what our profits are. The practical operation of our business is complex and requires expert knowledge of live stock manufacture, and cure of the finished goods, but our accounting system is simple and can readily be understood by any good accountant.

I want to say, gentlemen, that, as an accountant, I should be ashamed to take my salary from the Government or anybody else, and then make the excuse that I could not determine what the profits were. I want to say, further, gentlemen, that I believe—may I say that I am sure—that the Federal Trade Commission does know what our profits were but, rather than state the facts, was willing to state that their experts were unable to get them.

In passing, may I say just a word about these packer bills that are pending in Congress?

I want to say very frankly that there is no necessity for legislation. We are obeying the laws. We are handling our business efficiently. Even the Federal Trade Commission admits that—and our profits are small.

Senator CAPPER. If your business is being handled in a perfectly legitimate way and there is nothing to conceal and no attempt at combination or to control the market, what objection would there be in having the Government have some supervision over the industry, as has over the national banks, for instance?

Mr. TIMMINS. I think the conditions are entirely different, Senator. The national bank is handling other people's money, while the packing industry is a complex and complicated business. The banking business can not possibly be compared with the packing business.

Senator SHEPPARD. You have Government inspection?

Mr. TIMMINS. We have Government inspection now. I think that is the proper thing. But when it comes to—

Senator CAPPER. That Government inspection is only as to the quality of your meat, is it not?

Mr. TIMMINS. Yes, Senator; but when it comes to the buying of the live stock and the general packing-house end of the business—the curing and taking care of the product—that requires expert knowledge, and I think that Government supervision or control could only slow up the machinery, cut down efficiency, and add cost, which the consuming public in the end would have to pay. If it does that—and it must do it; I can not see any other result—it would increase the spread between the cost of the live animal on the hoof and the cost of the product to the consumer.

It has taken years of careful study to build up our organization. We have pride in our achievement, and in the interest of the producer and the consumer alike we do not want that efficiency destroyed. Our books are open to this committee at any time. We should be very glad for you to send out a reliable public accountant, and we will promise not only to throw open our books to him but we give you our

word that we will aid him in every respect and help him to get the facts.

Senator DIAL. Mr. Timmins, is it true that there is more meat in cold storage now than there was 12 months ago?

Mr. TIMMINS. I doubt if there is right now, Senator. I was looking over some figures the other day which showed that at the six principal points the amount in cold storage was only a five-week supply for domestic trade. When you take into consideration the fact that it takes eight weeks to cure most of that pork you can readily see that there is not an excess on hand.

Senator DIAL. By the Federal Trade Commission or the newspapers or some one it has been said that there is a great quantity in cold storage somewhere in this country—double what it was 12 months ago, I think.

Chairman BALL. You stated only the pork; what about the beef? I think that article stated beef, Senator.

Senator DIAL. Was it beef?

Mr. TIMMINS. You will soon begin to run into the heavy cattle season—the heavy runs—but stocks will decrease very materially during the summer months. The meat is put away, Senator, at a time when it comes in very heavily, when they are shipping in in large quantities, and it is put into cold storage, and then it comes out at other periods when the cattle receipts are lighter.

Chairman BALL. But could you make a comparison with the same months for last year? I think that is what Senator Dial meant.

Mr. TIMMINS. I am not sure just what those stocks are; but looking at the pork stocks, which I follow more carefully, as I say, there is only a little over five weeks' supply.

Chairman BALL. In the article which I saw—I do not know whether it is the same one that Senator Dial saw—it stated that there was more beef in cold storage than there was a year ago.

Since giving this testimony in Washington, the matter has been checked up, and it is a fact that Morris & Co. on August 1, 1919, had less beef and pork in cold storage than on August 1, 1918, so that Morris & Co. is not a hoarder of meats.

Senator DIAL. The only question is, Why do not prices go down if that is so?

Senator CAPPER. Taking the Federal Trade Commission's figures on poultry, there are 10,962,000 pounds of frozen fowls in cold-storage warehouses this year as against 2,749,000 last year, and at the same time and in the face of that fact the price has advanced from 34 to 37½ cents a pound.

Mr. TIMMINS. Well, I am not familiar with those quantities, Senator. Morris & Co. is almost a negligible factor in the handling of produce; that is, in the handling of poultry. We do very little in the poultry business. We do some, but not very much.

Chairman BALL. Is pork your largest factor?

Mr. TIMMINS. Pork and beef are our largest lines.

Senator DIAL. What is the capacity of your cold storage; just relatively, I mean. Can you hold the meat up a long time after the cattle are killed?

Mr. TIMMINS. No; I do not think, Senator, we could hold more than a three or four day supply of beef on hand in our chill rooms. I think that would be the limit.

Senator DIAL. The question is where you ship to?

Mr. TIMMINS. We would have to ship it to our branch markets for sale.

Senator DIAL. Have they any capacity to hoard it up in great quantities?

Mr. TIMMINS. They have capacity for one week and sometimes less. I do not think that any of our branch markets would have a capacity for over one week. I believe a great many of them could not handle more than one-half a week's supply. It has got to be turned quickly. Another thing, if fresh beef is not sold quickly it shows a marked deterioration and you just lose that much money on it.

Chairman BALL. What is the average length of time consumed from the time of killing to the time of selling to your local market?

Mr. TIMMINS. You can say we might hold it in the chill room from two to three days. It would take five or six days to come East. I do not think that our local branches aim to hold anything longer than one week at the very outside.

Senator DIAL. What do you do about your price, Mr. Timmins, at which your local man sells to the retailer? Do you control him?

Mr. TIMMINS. Not at all. We can not do it. He has got to sell the stuff while it is fresh and in prime condition. If he does not, he never makes any money by holding it.

Senator DIAL. Do you not fix the price at which he shall sell?

Mr. TIMMINS. We positively do not. He has got to sell on the market.

Senator DIAL. That has been charged; I just wanted to know.

Chairman BALL. Are the prices fixed entirely by the local market in which you sell?

Mr. TIMMINS. May I say, Senator, that if you will look at the market reports issued by the Bureau of Markets—they issue a daily and weekly bulletin, which shows the prices and the condition of the market at all of the big eastern points—you will find that they start out on one day by saying that the supply is rather small and prices are firm, and on another day they will say that there is a glut in the market, and there is a saggy condition, and prices are off \$1 to \$2, whatever the case may be. The gentlemen who issue those bulletins are right on the market, and they can see the conditions, and they can tell pretty soon whether there is any collusion or not.

Senator DIAL. I do not know, but I was told that the wholesaler fixed the price at which the retailer sold.

Mr. TIMMINS. By which the retailer sold?

Senator DIAL. Yes.

Mr. TIMMINS. No; we have no interest at all in any retail stores.

Senator DIAL. I do not say it was your company, but some wholesaler. I do not know just what one it was.

Mr. TIMMINS. I can not say positively, but I do not know of any packer that has any interest in any retail market. They may have, but they have no control. When the butcher gets his meat it is his.

Senator CAPPER. I see here, according to your statement, that the cost of dressed beef that you brought here to Washington was 22.31 cents per hundred, and that the entire packing-house expense, including the labor, buying, and killing, was less than a dollar. So, as a matter of fact, labor was scarcely a factor in the increased cost of beef?

Mr. TIMMINS. I think, Senator, if you would take all the expense of all of the profit that the packer has and makes on the meat, it would be a very small factor in the price that people pay for meats at retail stores.

Senator CAPPER. According to this, it would be less than 5 per cent.

Mr. TIMMINS. That is true, Senator.

Senator SHEPPARD. How much salable meat is there in the carcass you sell to the retailer? What must be taken off that you can sell?

Mr. TIMMINS. I think that the retailer probably sells all of the meat that he gets from us, but—

Senator SHEPPARD. In the carcass of meat?

Mr. TIMMINS. There is the bone. There is a lot of bone in a side of meat.

Chairman BALL. The question comes up as to whether the consumer pays for the bone or does not pay for it.

Mr. TIMMINS. Well, when you get down to the shank of a quarter of meat, there is not very much there except the boiling beef, something to make soup of. It goes at a very low price, probably 8 to 10 cents a pound. While he sells it, he gets something out of it; it is a very small amount. The packer pays for the bone when he buys the live animal; in fact, pays the same as for the choicest meat.

Chairman BALL. What percentage of that would there be in a side of beef or in a quarter of beef? You ship by quarters, I suppose?

Mr. TIMMINS. Yes, sir; quarters or sides.

Chairman BALL. The front quarter, for instance; what proportion of that would there be in that?

Mr. TIMMINS. The shin would be probably 7 per cent.

Chairman BALL. And in the hind quarter?

Mr. TIMMINS. That would be both on the hind and the fore quarter. Then, of course, you have on the forequarter what is known as the chuck, and that portion of the meat around the neck is boiled beef and also goes for a pretty low figure.

Chairman BALL. That is good boiling beef?

Mr. TIMMINS. That is good boiling beef. When he sells that at probably 10 or 15 cents a pound out of a carcass that he pays 20 cents for, the difference has got to come from the better grades or cuts.

Senator SHEPPARD. What is there that is unusable besides bone in a carcass?

Mr. TIMMINS. Well, there is the shin and gristle and trimmings they trim off.

Senator SHEPPARD. The substance called suet?

Mr. TIMMINS. The suet is a portion that he will trim off, and he does not get anything like the price that he pays for the animal for the suet.

Senator SHEPPARD. He can not?

Mr. TIMMINS. No; he can not.

Senator SHEPPARD. I understand that sometimes that amounts to as much as 10 or 15 to 20 pounds in the carcass, in one side of meat.

Mr. TIMMINS. Yes. I think it would run up to around 10 or 15 pounds.

Senator SHEPPARD. How much would there be from the whole carcass, if you know?

Mr. TIMMINS. It would be double that.

Senator SHEPPARD. That would be a loss?

Mr. TIMMINS. Except what he can sell it for for tallow.

Senator SHEPPARD. If he pays 23 cents a pound average for a carcass he pays that rate for the suet also?

Mr. TIMMINS. Yes.

Senator SHEPPARD. That is an element that we ought to take into consideration in judging the retailer.

Chairman BALL. There would be about 550 pounds in a carcass?

Mr. TIMMINS. Five hundred and fifty pounds, as he gets it.

Chairman BALL. Sixty pounds of that is suet?

Mr. TIMMINS. Not that much.

Chairman BALL. Thirty pounds?

Mr. TIMMINS. Probably nearer 30.

Chairman BALL. What would he get, do you suppose?

Mr. TIMMINS. Well, that suet would probably yield about 60 per cent of fat or oil, and it would depend on the market for oil what he would be able to sell that suet for.

Chairman BALL. It ought not to be a loss.

Mr. TIMMINS. It would be a big loss to him. Any butcher selling his suet in Washington has to sell it on the basis of the soap-grease price. Oil is worth 26 cents a pound, and the tallow they render in Washington is worth about 13 or 14.

Mr. TIMMINS. Then, of course, you only get about 60 per cent of tallow out of that suet.

Chairman BALL. Is not that almost as much as he gets out of this cheap meat, out of the neck?

Mr. TIMMINS. Not quiet as much, I should think, Senator.

Senator SHEPPARD. If half a carcass that the retailer bought weighed 225 pounds, how much of that would you say was in suet, gristle, bone, or similar substance, just roughly speaking?

Mr. TIMMINS. It is pretty hard to figure, because I am not a retailer. It is pretty hard for us to get at those figures. Some retailers, as the Senator said, sell the whole thing—bone gristle, and fat—and then trim it, and the others trim it first and sell the finished product.

Senator SHEPPARD. What I am trying to get at is what the proportionate weight is.

Mr. TIMMINS. Out of a 225-pound side I would say, if it was a native yearling bullock that had been well fed, there would be 15 pounds of suet in the hindquarter.

Senator SHEPPARD. What of the other, the bone, gristle, etc.?

Mr. TIMMINS. And then the shank—there would probably be 15 pounds wastage in the bone.

Senator SHEPPARD. Then there would not be very much.

Mr. TIMMINS. No; that would cover it all—30 pounds would cover it all.

Chairman BALL. The waste is not so great, then.

Senator SHEPPARD. That is 195 pounds, net, that the retailer would have out of a 225-pound side.

Mr. TIMMINS. Another point, Senator, is that, aside from the wastage or the loss that he has in the suet and the shank, a part of the round, at least, and the flank and the breast—all of those parts of the meat would sell, I presume, at a pretty low figure.

Senator SHEPPARD. The retailer has his difficulties, after all?

Mr. TIMMINS. Yes; there is probably only one-third of the carcass that he can really say can be made into prime cuts.

Senator SHEPPARD. That is an important point.

Mr. TIMMINS. I would say that out of a carcass of beef that weighed 500 pounds, and it was a fancy top piece of beef selling around this market for 24 cents, he would get around 35 cents for the hind quarter. I think it is safe to say that only about one-third of that carcass would be cut into what we call prime cuts of beef.

Senator SHEPPARD. You take that into consideration when you fix this average price. When you fix an average price for that carcass you would take into consideration the fact that some of it will bring less than others?

Mr. TIMMINS. Yes. He buys it at a flat price.

Senator SHEPPARD. And he expects to make up on the better parts, even if he does lose on the others?

Mr. TIMMINS. Yes, Senator; he makes up on the higher priced cuts what he loses on the cheaper cuts.

Chairman BALL. Are there any further questions? If not, that is all.

Mr. TIMMINS. Thank you very much.

Senator SHEPPARD. Let me ask one or two questions. Where are your packing plants located?

Mr. TIMMINS. We are in Chicago, East St. Louis, Omaha, St. Joseph, Kansas City, Oklahoma City, and New York.

Senator SHEPPARD. Have you any packing plants abroad?

Mr. TIMMINS. No, sir.

Senator SHEPPARD. You have branch houses, I presume, all over the United States?

Mr. TIMMINS. We have; yes.

Senator SHEPPARD. Selling houses?

Mr. TIMMINS. Yes, sir.

Senator SHEPPARD. And in some foreign countries?

Mr. TIMMINS. Yes, sir; mostly in England. We have some on the Continent—at Paris, Antwerp, Christiania, and Rotterdam.

Senator SHEPPARD. Where do you own stockyards, if at all?

Mr. TIMMINS. Morris & Co. is not interested in any stockyards, but the Morris family is interested in yards at East St. Louis, Oklahoma City. I believe some at Kansas City, and also at New Orleans.

Senator SHEPPARD. Approximately how many refrigerator cars do you own?

Mr. TIMMINS. About 3,000; maybe a few more.

Senator SHEPPARD. Do any of your stockholders have an interest in banks and loan companies that make a practice of loaning to producers?

Mr. TIMMINS. Yes; the Morris family has an interest in several cattle-loan companies that were established with that object in mind. For instance, at Oklahoma City some 10 years ago the people of that State and of that city asked us to go down there and establish stockyard and packing plant. We built stockyard and packing plant at Oklahoma City, and we also started a cattle-loan company to advance money to the growers of live stock. When we went down to

New Orleans we had the same thought in mind. We started a cattle-loan company at New Orleans to assist the producers of the South. I believe those things have worked out very advantageously to the people of Oklahoma, and I believe it is going to work out equally so—we hope so, at least—to the people of Louisiana.

Senator SHEPPARD. Anywhere else?

Mr. TIMMINS. There is a cattle-loan company at East St. Louis, and there is one at Kansas City and one at Omaha.

Senator SHEPPARD. Have you ever engaged in production?

Mr. TIMMINS. No; we have never raised any cattle ourselves, although many years ago Mr. Nelson Morris had a ranch in Texas.

Senator SHEPPARD. That is what I had in mind. There is a station called Morris.

Mr. TIMMINS. His ranch was near Midland, Tex. When Mr. Morris died, or shortly afterward, it was sold by the heirs of Nelson Morris.

Senator SHEPPARD. What is your volume of business in Washington per annum?

Mr. TIMMINS. Between three and four millions.

Senator SHEPPARD. Have you one institution or two?

Mr. TIMMINS. Just one.

Senator SHEPPARD. Do you sell to hotels as well as to retailers?

Mr. TIMMINS. Some.

Chairman BALL. In selling to the hotels do you sell to them at the same rate as you sell to your retailers, or do you have a retail price and a wholesale price?

Mr. TIMMINS. They are pretty keen buyers. I think they would get it at the same price.

Senator CAPPER. How much stock has your company?

Mr. TIMMINS. The capital stock is \$3,000,000. Nelson Morris started this business about sixty-odd years ago, and when the company was established with that small capital it was never changed.

Senator CAPPER. It is owned mostly by the family?

Mr. TIMMINS. It is all owned by the heirs of Nelson Morris.

Senator SHEPPARD. You said your business last year represented an investment of \$50,000,000. How do you figure that?

Mr. TIMMINS. That is capital and surplus, Senator.

Senator CAPPER. This 9 per cent that you made is on a capital of \$3,000,000?

Mr. TIMMINS. No; the 9 per cent we made was on the total capital and surplus.

Senator CAPPER. What is the surplus?

Mr. TIMMINS. It is close to \$50,000,000.

I would like to say, now that you have developed that thought, Senator, that the Federal Trade Commission stated that Morris & Co. always had paid reasonable dividends and had built up this surplus in excess of those reasonable dividends. I would like to say to you gentlemen that during the last 10 years I made up the figures following that statement of the Federal Trade Commission which showed an earning of about 8 per cent during all of those 10 years; that we only paid 2 per cent to the stockholders. That would work out this way: A company starts with \$3,000,000, and the first year it makes 8 per cent. I do not think any of you gentlemen would say

that that was an unreasonable profit. It pays 2 per cent to its stockholders, which is \$60,000, and then leaves the balance, or \$180,000, in the company. Had it paid 8 per cent to its stockholders—and as I say, I think you will bear me out that that is not unreasonable—the stockholders could have taken that money and invested it in another enterprise. They would have been entitled to a dividend on that. Had these earnings been taken out as dividends and reinvested in Morris & Co., increasing the capital stock at that time, issuing new shares of stock, we should all say that they were entitled to a dividend on the money for reinvestment. The stockholders of Morris & Co. have been satisfied to take very small dividends. As I say, they have not taken over 2 per cent, and they have allowed this other 6 per cent to accumulate in the business as reinvestment. But they have not increased the capital stock in the meantime. But that ought not to make any difference. I think you gentlemen see the point. They are just as much entitled to dividends on that \$180,000 that they left as surplus in the business as though they had taken it all in dividends in the first place and reinvested it in additional shares of the company or reinvested it in another enterprise. If you will do a little figuring you will find that that reinvestment during all of these years that Nelson Morris has been in business has accounted for that surplus which they now have. It is not excess profit at all; it is because they have been satisfied with small dividends—that is, 2 per cent, and have left the balance accumulating in the business.

Senator CAPPER. But you are paying dividends now on \$50,000,000 of surplus that was made out of the packing business?

Mr. TIMMINS. The 2 per cent I speak of would be equal to 2 per cent of the capital and surplus.

Senator CAPPER. I think you stated awhile ago that this last year you made 9 per cent?

Mr. TIMMINS. That was 9 per cent on the capital and surplus.

Senator CAPPER. But you are paying dividends now on not only the \$3,000,000 original capital, but the \$50,000,000 of surplus that was made out of the business?

Mr. TIMMINS. Yes, sir. Two per cent would be figured on the amount of capital and surplus. But I wished to bring out, Senator, the fact that this surplus has been accumulated out of the reinvested earnings, which have been very conservative, as I say, averaging around 8 per cent.

Senator DIAL. How long have you been in business?

Mr. TIMMINS. Over 60 years, Senator.

Senator CAPPER. This surplus is in the form of investment?

Mr. TIMMINS. In the plant and machinery and fixtures, buildings and stocks, inventories.

Senator SHEPPARD. I presume depreciation has been taken out from time to time, so that this surplus represents actual property or actual holdings?

Mr. TIMMINS. We have tried to figure out what a fair amount of depreciation would be, so that when a building becomes worn out it can be replaced.

Chairman BALL. Has your local representative any statement to make?

Mr. TIMMINS. If you have any questions he would be very glad to answer them.

Senator CAPPER. Who are the principal customers of Morris & Co. in Washington?

Mr. OAKLEY. The Sanitary Grocery Co., Wilson & Rogers——

Senator CAPPER. That is an Armour branch, is it not?

Mr. OAKLEY. No; that is a Libby, McNeill & Libby branch.

Senator CAPPER. That is hooked up with Swift & Co.?

Mr. TIMMINS. It has been, yes. It is not any longer, Senator.

Senator CAPPER. Are they not connected in any way with Swift?

Mr. TIMMINS. It is held by practically the same stockholders.

Senator CAPPER. That is about the same thing, is it not?

Senator SHEPPARD. Did not a witness for Swift & Co. testify on that?

Senator CAPPER. He said Wilson, Rogers & Co. were owned by Libby, McNeill & Libby, but the point is they are all one and the same.

Senator SHEPPARD. I thought he denied that.

Senator CAPPER. He denied that Wilson, Rogers & Co. were owned by Armour & Co., that Armour & Co. had no direct interest in Wilson, Rogers & Co., but the fact is that Armour & Co. own Libby, McNeill & Libby and Libby, McNeill & Libby own Wilson & Rogers; so it's just about as broad as it is long.

Were you going to give us some other facts?

Mr. TIMMINS. I was going to say that what we sell Wilson & Rogers would be cuts which their own firm can not supply them. We have no hotel supply, because they are purely hotel cuts that we sell them. We are not in a position to take care of the hotel trade, as they are, because it requires service that we can not render.

Senator SHEPPARD. To what other retailers here do you sell?

Mr. TIMMINS. We sell to Kidwell; we sell to Shirley; we sell to Brook & Harry, Hoover & Denham.

Senator CAPPER. I see on loins the prices run from 20 to 34 cents. What does the bulk of that sell at?

Mr. TIMMINS. The bulk of the stuff sells around 25 to 28 cents.

Senator CAPPER. And rounds you show here at 16 to 30 cents?

Mr. TIMMINS. Along from 20 to 25 cents.

Senator CAPPER. What is the bulk of that?

Mr. TIMMINS. From 25 to 28 cents. Those are all Washington prices.

Senator CAPPER. That is what we want.

Chairman BALL. We want to get about the average.

Senator CAPPER. You say ribs sell from 10 to 32?

Mr. TIMMINS. Thirty-two would be the very best cattle we handle and 10 would be the very cheapest we handle.

Senator CAPPER. Chucks, 8 to 17. What is the bulk of those?

Mr. TIMMINS. The bulk of that would be from 13 to 17 cents.

Chairman BALL. Senator Sheppard, have you any questions?

Senator SHEPPARD. No, sir.

Mr. TIMMINS. Mr. Chairman, may I express my appreciation of the opportunity which the committee has afforded me to present my statement to-day?

Chairman BALL. This will conclude our inquiry of the wholesalers with reference to the meat feature of our investigation.

On Tuesday next at 2 o'clock we will have a hearing at which we will have some of the retailers before us along the same line.

(Whereupon, at 3 o'clock p. m., the committee adjourned until Tuesday, August 12, 1919, at 2 o'clock p. m.)

DISTRICT OF COLUMBIA, ss:

Personally appeared before me H. A. Timmins, of Morris Co., Chicago, Ill., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 8, 1919, having been read by him, is the truth to the best of his knowledge and belief.

[SEAL.]

THEO. T. JOHNSON,
Notary Public.

August 18, 1919.

My commission expires January 20, 1922.

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA

HEARING

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

S. RES. 150

DIRECTING THE COMMITTEE ON THE DISTRICT OF COLUMBIA
TO MAKE INVESTIGATION OF PRICES, RENTS, AND RE-
LATED SUBJECTS IN THE DISTRICT OF COLUMBIA.

PART 4

Printed for the use of the Committee on the District of Columbia



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1919

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JAMES M. PORTER, *Clerk.*

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

TUESDAY, AUGUST 12, 1919.

UNITED STATES SENATE, SUBCOMMITTEE OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met pursuant to adjournment at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball, presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Chairman BALL. The committee will come to order. We will first hear Mr. Head. You may proceed Mr. Head.

STATEMENT OF JAMES A. HEAD.

Chairman BALL. Mr. Head, what is your full name?

Mr. HEAD. James A. Head.

Chairman BALL. What is your business?

Mr. HEAD. Wholesale and retail meats.

Chairman BALL. Is your company incorporated?

Mr. HEAD. No, sir; we are trading as James A. Head & Co.

Chairman BALL. What is the amount of capital invested?

Mr. HEAD. Originally invested?

Chairman BALL. Well, invested at this time.

Mr. HEAD. About \$12,000.

Chairman BALL. What class of people constitute the bulk of your trade, those requiring the best meats or the cheaper meats?

Mr. HEAD. The moderate class of goods.

Chairman BALL. Do you handle groceries also?

Mr. HEAD. No, sir.

Chairman BALL. You handle only meats?

Mr. HEAD. Just meats.

Chairman BALL. Do you handle any other food products?

Mr. HEAD. No, sir.

Chairman BALL. Do you own your own place, or do you rent it?

Mr. HEAD. I rent from the market company.

Chairman BALL. What rent do you pay?

Mr. HEAD. I have two stands. I pay \$28.80 for each and I pay on an average \$20 a month for my ice box.

Chairman BALL. Has your rent been increased this last year?

Mr. HEAD. No, sir; it has been the same since I have been in the market.

Chairman BALL. How many employees do you have in your business?

Mr. HEAD. I have 11.

Chairman BALL. What wages do you pay them?

Mr. HEAD. I pay them from \$20 to \$50 per week.

Chairman BALL. Has it been necessary for you to advance the wages of these men this last year?

Mr. HEAD. Yes, sir.

Chairman BALL. How much more do you pay them now than you paid them a year ago?

Mr. HEAD. I pay my butcher 100 per cent more. I started him at \$25 about 16 months ago, I should say, and I have had to raise him to \$50.

Chairman BALL. Do you maintain your own delivery service?

Mr. HEAD. Yes, sir.

Chairman BALL. Can you give us the percentage of cost of your delivery service?

Mr. HEAD. I should say it would cost about \$70 a week.

Chairman BALL. What is the total amount of wages outside of your delivery service?

Mr. HEAD. About \$260.

Chairman BALL. Do you kill any of your own meat or buy entirely from the packers?

Mr. HEAD. We buy entirely from the packers.

Chairman BALL. Do you do a credit business or a cash business?

Mr. HEAD. Credit and cash.

Chairman BALL. Approximately what percentage of it is credit business?

Mr. HEAD. I should say about three-fifths.

Chairman BALL. You keep books, do you?

Mr. HEAD. Yes, sir.

Chairman BALL. You employ a bookkeeper?

Mr. HEAD. Yes, sir.

Chairman BALL. What percentage of your expenses do the keeping of those books involve? We want to figure out what it costs you to do this credit business.

Mr. HEAD. It costs me \$25 a week for my bookkeeper.

Chairman BALL. You were in business a year ago, were you?

Mr. HEAD. Yes, sir.

Chairman BALL. What percentage of the gross profits do you calculate in fixing the selling prices for your commodities?

Mr. HEAD. Well, I try to figure to get 5 to 6 per cent.

Chairman BALL. On the cost price?

Mr. HEAD. Over the cost price.

Chairman BALL. You add 5 or 6 per cent to the cost price?

Mr. HEAD. Yes, sir.

Chairman BALL. From whom do you buy your meats?

Mr. HEAD. Any packer.

Chairman BALL. You go in the market and bid on the meat?

Mr. HEAD. Yes, sir.

Chairman BALL. It is an open market among the packers, is it?

Mr. HEAD. Yes, sir.

Chairman BALL. Do you buy a whole carcass of beef or a half or a quarter of beef, or in what form do you buy your meat?

Mr. HEAD. We buy by the carcass.

Chairman BALL. A whole carcass?

Mr. HEAD. Yes, sir; maybe 10 or 12 at a time.

Chairman BALL. Tell us how you calculate your price on the different parts of that meat. Can you give us some idea as to that? That may be rather a difficult question.

Mr. HEAD. It would be difficult for me, Senator. I leave most of that to my butcher.

Chairman BALL. You say that you calculate about 5 to 6 per cent on the whole carcass?

Mr. HEAD. Yes, sir

Chairman BALL. How much of a loss do you calculate there is in a side of beef? That takes a fore quarter and a hind quarter.

Mr. HEAD. By cutting it up, sir?

Chairman BALL. Yes.

Mr. HEAD. Do you mean retailing it?

Chairman BALL. Yes; I am talking about the retail business. You buy it by whole sides, say a front and a hind quarter?

Mr. HEAD. I would lose 4 pounds to a side of beef the way I sell it.

Chairman BALL. It would weigh about 250 pounds?

Mr. HEAD. Yes, sir; from 200 to 250 pounds. I would lose, perhaps, that much selling it to the trade, but I only cut it in five pieces. Retailing it I would lose several pounds more; I would not be able to say how much.

Chairman BALL. You are talking now of your wholesale trade, are you?

Mr. HEAD. Yes, sir.

Chairman BALL. But on your retail trade how much is lost?

Mr. HEAD. I would not be able to answer, sir; I do not know.

Chairman BALL. When you said that you figured to make 5 or 6 per cent profit, did you mean on your wholesale trade?

Mr. HEAD. On my trade right through; all my year's business.

Chairman BALL. You figure a larger percentage of profit on your retail trade, do you not?

Mr. HEAD. Yes, sir; and a smaller percentage of profit on my wholesale trade.

Chairman BALL. Can you give us an idea of the percentage of profit you would figure on your retail trade?

Mr. HEAD. I should say about 15 per cent.

Chairman BALL. When you buy a carcass of beef what are the principal cuts into which you divide it? I am talking now about the retail trade.

Mr. HEAD. The most of it is cut into the round and loin.

Chairman BALL. If you can, just take a side that will weigh, say, 250 pounds and give us the different cuts that you would get out of that.

Mr. HEAD. I have that on paper, Senator if you would like to look at that.

Chairman BALL. Well, suppose you just refer to your paper.

Mr. HEAD. We figure the hind quarter 46 per cent of the carcass of beef and the fore quarter we figure 54 per cent. The round and loin constitute the hind quarter. We figure the round 24 and the loin 22 per cent, and the rest, chuck, plate, brisket, and shin, are

the fore-quarter cuts. The rib we figure at 10 per cent, the chuck at 23 per cent, and the plate, brisket, and shin at 7 per cent each.

Chairman BALL. Can you give me the prices that you were getting for those cuts the middle of last week?

Mr. HEAD. At retail?

Chairman BALL. At retail.

Mr. HEAD. We sold our meats at 45 cents. Now, you understand we handle a cheaper class of goods than, I will say, more than half in the market. Our chuck roast we sell at 25 cents, and the rib roast we very seldom retail.

Chairman BALL. You wholesale that part?

Mr. HEAD. Yes, sir; and we never retail round steaks. We sell our round steaks straight.

Chairman BALL. Forty-five cents was the highest priced meat you sold?

Mr. HEAD. Yes, sir.

Chairman BALL. What did you have to pay for that?

Mr. HEAD. For the loin that we sold at 45 cents?

Chairman BALL. No; for the whole carcass.

Mr. HEAD. Well, last week we paid, perhaps, 20 cents. I think that was about as high as we paid for beef.

Chairman BALL. By the carcass?

Mr. HEAD. Yes, sir.

Chairman BALL. What was the percentage of loss that you gave me in the cutting in the retail trade?

Mr. HEAD. I did not state it.

Chairman BALL. Oh, you could not state it.

Mr. HEAD. No, sir.

Chairman BALL. Well, tell me this, in cutting your steaks do you weigh before you trim or trim before you weigh?

Mr. HEAD. We could not sell them unless we trimmed them before we weighed them.

Chairman BALL. You always do that?

Mr. HEAD. Yes, sir.

Chairman BALL. That is the invariable custom here in Washington, is it?

Mr. HEAD. Yes, sir. To give myself an idea, last week I bought a loin of beef and brought it into my place from Armour & Co. and had it trimmed. I had an outside butcher trim it and an outside man weigh the trimmings. There were 8 pounds of trimmings off of that loin, that I get 18 cents for and 6 pounds that I get 10 cents a pound for. The loin laid down on the bench ready to be cut—and it was pronounced not well trimmed by several butchers—stood me 44½ cents.

Chairman BALL. What did you sell that for, 45 cents?

Mr. HEAD. No, sir; that loin is in my ice box. I thought I would keep that.

Chairman BALL. What would you have had to get for that?

Mr. HEAD. I would have had to get 55 cents.

Chairman BALL. How does the price that you pay now for your carcass compare with the price that you paid six months ago?

Mr. HEAD. I believe, if anything, beef is a little cheaper. It is the salt meats and lard that have advanced so much.

Chairman BALL. But fresh meat is cheaper?

Mr. HEAD. I believe it is a little cheaper than it was six months

Chairman BALL. You say you do not use the highest-priced meats, and that you pay about 20 cents a pound. What is the cheapest one, in your judgment, at which a carcass can be bought for in Washington?

Mr. HEAD. I was offered beef last week at 15 cents, but I could not get that kind of beef on my bench; the class of trade that comes to the Market would not use it.

Chairman BALL. Can you buy very good meat now in Washington for from 18½ to 19 cents?

Mr. HEAD. No, sir; I paid 21 cents for five cattle, and not extra good to-day.

Senator DIAL. How about your delivery system, Mr. Head? Do you have any regular time of day to make deliveries, or do you just try to deliver each order as it is given?

Mr. HEAD. I never deliver retail orders, sir. I deliver store orders only. We never deliver retail orders. If we did, we would have to charge more.

Senator DIAL. They come to your place and get the meat?

Mr. HEAD. Yes, sir.

Chairman BALL. Is there any material difference in prices of meats that are practically of the same character asked by the different wholesalers?

Mr. HEAD. The different packers?

Chairman BALL. Yes; the different packers here in Washington.

Mr. HEAD. I think they have a pretty uniform price.

Chairman BALL. Are the prices of the retailers pretty uniform also?

Mr. HEAD. To the trade?

Chairman BALL. Yes; for the same grade.

Mr. HEAD. Well, I should imagine they would be on the same scale.

Chairman BALL. Is there any understanding as to price among the retailers?

Mr. HEAD. No, sir. There is not much friendship among them.

Senator CAPPER. Where do you buy most of your beef?

Mr. HEAD. I buy it all from the packers here in Washington and from two houses in Baltimore.

Senator CAPPER. From which firms do you buy the most?

Mr. HEAD. I should say I buy most of my beef from Cudahy & Co. and Swift & Co.

Senator CAPPER. Is there a cold-storage house in Washington?

Mr. HEAD. Yes, sir.

Senator CAPPER. Do you keep anything in there?

Mr. HEAD. Sometimes on Saturdays if I have a hundred pounds or two hundred pounds of pork more than I need I put it in storage, and a large amount of storage.

Senator CAPPER. Have you any pork in storage now?

Mr. HEAD. Possibly 300 or 400 pounds.

Senator CAPPER. That would be as much as you would carry, as a rule?

the fore-quarter cuts. The
at 28 per cent, and the plate

Chairman BALL. Can you
for those cuts the middle of

Mr. HEAD. At retail?

Chairman BALL. At retail

Mr. HEAD. We sold our
we handle a cheaper class of
the market. Our chuck roasts
very seldom retail.

Chairman BALL. You w

Mr. HEAD. Yes, sir; and
round steaks straight.

Chairman BALL. Forty
sold?

Mr. HEAD. Yes, sir.

Chairman BALL. What

Mr. HEAD. For the loin.

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Mr. HEAD. Well, last
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Mr. HEAD. Yes, sir.

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Chairman BALL. W

Mr. HEAD. Yes, sir.

Chairman BALL.

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Mr. HEAD. Yes, sir.

loin of beef and brisket.

it trimmed. I ha

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that loin, that I

pound for. The

it was pronounced.

44 cents.

Chairman BALL.

Mr. HEAD. No

keep that.

Chairman BALL.

Mr. HEAD. I

Chairman BALL.

carcass compar

Mr. HEAD. Yes, sir;

salt meat.

on to carry more; I mean a great

less been running this year as com-

past year or now?

last seven months; since the first of

December business has slacked a lot;

th me. My gross sales I do not think

uch out of the business.

its this last year would be no greater

you think?

year would not be as much as they were

was your best year?

ave been in business four years and last

as your percentage of profit last year?

ge of net profit was about 2 per cent. I did

business. It was less than that; I made

are speaking of the year 1918?

think that profit is a little greater than the

or the volume of business is a little less this

are well satisfied to make that much this year.

the volume of business keeping up, or is the

growing less?

ume is not keeping up. To stores I sell at a

store trade has not fallen off to a great extent,

high prices hammered into the storekeeper's

has stock'd himself up on lard and things like

sales; that is, we cannot sell as much now as

What is the cheapest meat that you sell; the stew-

What price do you ask for that class of meat?

at 18 cents a pound.

What do you say is the highest price meat you

I do not remember having charged more than

possibly 50 cents now and then on steaks.

You say you did \$500,000 worth of business last

What were your overhead charges?

cost me to do business \$13,000.

That includes your help, your delivery, and your

lights and fans and paper bags.

What percentage do you lose of your sales on this

very little last year in credits. I do not have any debts last year.

Do you charge for your own services? Do you charge for your own services?

\$70 a week.

What goes in the overhead charges?

SIR.

And your profits for last year were about \$8,000?

SIR.

Which is the most profitable part of your business—the wholesale or the retail?

I find that my wholesale is the most profitable. I cater to the only retail on Saturday afternoons and after we get the store trade during the week.

CAPPER. Have you any information as to the condition of storage houses in this city—that is, as to the quantity of pork that is in storage now?

AD. No, sir; I have not.

CAPPER. You do not know whether there is more than the quantity in stock now or not?

HEAD. No, sir.

DISTRICT OF COLUMBIA, ss:

August 16, 1919, personally appeared before me James A. Head, of Washington, D. C., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 12, 1919, and being read by him, is the truth to the best of his knowledge and belief.

JOHN J. MCGRAIN, *Notary Public*.

STATEMENT OF MR. WILLIAM F. MILLER.

Chairman BALL. Mr. Miller, what is your full name?

Mr. MILLER. William F. Miller.

Chairman BALL. Where is your place of business?

Mr. MILLER. 771-772 Center Market.

Chairman BALL. Do you do a wholesale or a retail business?

Mr. MILLER. Both.

Chairman BALL. Do you kill your own meats?

Mr. MILLER. No, sir.

Chairman BALL. From whom do you get your meats?

Mr. MILLER. From the packers.

Chairman BALL. What is the bulk of your business, wholesale or retail?

Mr. MILLER. I do not cater to any in particular.

Chairman BALL. Well, you know with which you do the larger amount of business. Do you do more wholesale business or more retail business?

Mr. MILLER. More wholesale.

Chairman BALL. Do you handle anything but meats? Do you handle groceries?

Mr. MILLER. No, sir.

Chairman BALL. You handle no other food products?

Mr. MILLER. Nothing but meats.

Chairman BALL. Do you own your own place of business?

Mr. MILLER. No, sir.

Chairman BALL. Do you rent it?

Mr. MILLER. Yes, sir.

Chairman BALL. What rent do you pay per month?

Mr. MILLER. \$28.80 and \$20.50, I think it is; \$28.80 for the stands.

Chairman BALL. Has this rent increased during the past year.

Mr. MILLER. No, sir.

Chairman BALL. Has there been any increase in rents?

Mr. MILLER. No, sir.

Chairman BALL. How many employees have you now?

Mr. MILLER. Three.

Chairman BALL. What wages do you pay them?

Mr. MILLER. One hundred and five dollars a week for the three

Chairman BALL. Have you had to advance their wages this year?

Mr. MILLER. Yes, sir.

Chairman BALL. How much?

Mr. MILLER. I think about \$15, one of them; that is all.

Chairman BALL. Do you maintain a delivery service?

Mr. MILLER. Yes, sir.

Chairman BALL. Do you maintain a delivery service with only three employees?

Mr. MILLER. Yes, sir.

Chairman BALL. Do you do a credit or a cash business or both?

Mr. MILLER. Both.

Chairman BALL. Approximately what percentage of your business is cash?

Mr. MILLER. What cash business do I do?

Chairman BALL. Yes.

Mr. MILLER. Per week?

Senator DIAL. What proportion of your business is cash business?

Mr. MILLER. I do about \$3,000 per week cash business.

Senator SHEPPARD. Is it more cash or credit?

Mr. MILLER. It is all cash; very little credit.

Chairman BALL. You do not keep books?

Mr. MILLER. No, sir.

Chairman BALL. From whom do you buy your meats?

Mr. MILLER. Swift & Co., Cudahy & Co., and Armour & Co.; all of them.

Chairman BALL. You go in the market and just buy wherever you can, do you?

Mr. MILLER. Yes, sir.

Chairman BALL. What prices have you been paying last week for your meats? Do you buy a whole carcass or only cuts?

Mr. MILLER. The whole carcass; 18 and 20.

Chairman BALL. Are those the different grades you have been buying or different prices this week?

Mr. MILLER. No; sometimes there may be one cattle in there, and they may drop on that one to take the bunch.

Chairman BALL. How does that compare with the prices you paid this time last year?

Mr. MILLER. It is about the same with me.

Chairman BALL. How about six months ago?

Mr. MILLER. I was paying 21 and 22.

Chairman BALL. You were paying more?

Mr. MILLER. About three or four months ago I was paying about 21 or 22.

Chairman BALL. How much business do you do in a year? You do not keep books. Can you tell us how much business you do in a year?

Mr. MILLER. I do not keep books. I think it is about \$150,000 a year.

Chairman BALL. What percentage of profit did you make last year?

Mr. MILLER. Fifteen per cent, retail.

Chairman BALL. You had to make up your income slip. You had to figure definitely on that. Can you not tell us what percentage of profit you made last year?

Mr. MILLER. I was in business just three months at that time.

Chairman BALL. You were not in business at this time last year?

Mr. MILLER. No; I have just been in business a little over a year; last April a year ago.

Chairman BALL. Well, you made up your income-tax return for last year?

Mr. MILLER. That was up until December.

Chairman BALL. How much capital have you invested?

Mr. MILLER. I do not know. About \$38,000 worth of business.

Chairman BALL. What was your net profit?

Mr. MILLER. I think it was somewhere around \$3,000.

Senator CAPPER. That is for eight months.

Mr. MILLER. No, sir; about five months, I think it was; five or six months.

Chairman BALL. How do you calculate your selling price for the meat that you buy? Do you fix a percentage of increase, or do you just take the market for whatever it will bring?

Mr. MILLER. Whatever it will bring.

Chairman BALL. Whatever people are willing to pay you?

Mr. MILLER. No, sir; not that. If I pay a certain price for it, I try to get a price for it.

Chairman BALL. About what percentage of advance do you calculate that you must get?

Mr. MILLER. Five or six per cent wholesale.

Chairman BALL. What waste do you figure on having in a side weighing 250 pounds?

Mr. MILLER. I could not tell you; I have never figured it.

Chairman BALL. Then, it is pretty difficult for you to figure out just any definite price?

Mr. MILLER. Yes.

Senator SHEPPARD. Do you have much waste?

Mr. MILLER. Quite a little waste.

Senator SHEPPARD. Of what does it consist?

Mr. MILLER. Fats and things like that. Of course, it is sold; but I judge about 10 pounds to the loin, sometimes 12 pounds; it all depends on how fat the loin is.

Chairman BALL. Do you trim your steaks before or after you weigh them?

Mr. MILLER. Before.

Chairman BALL. What do you do with the trimmings?

Mr. MILLER. I bone them. They go in the waste pile.

Chairman BALL. Well, you sell those and get what you can out of them?

Mr. MILLER. Half a cent a pound.

Chairman BALL. You are talking now about the bone only, are you?

Mr. MILLER. The bone; yes, sir.

Chairman BALL. Well, you trim off fats and skin.

Mr. MILLER. For the fat I get 9 cents.

Chairman BALL. What are the principal cuts that you make in beef, and give me the prices now at which you sell them?

Mr. MILLER. The principal cuts are the round and the loin.

Chairman BALL. What do you charge for the rounds?

Mr. MILLER. Twenty-eight cents and 29 cents; that is, with the bouillons off.

Chairman BALL. You sell the rounds at 28 cents and 29 cents?

Mr. MILLER. That is with the bouillons off.

Senator CAPPER. That is to the retailer?

Mr. MILLER. To the retailer; to the stores.

Senator CAPPER. That is your wholesale price?

Mr. MILLER. That is my wholesale price.

Chairman BALL. And what is your retail price?

Mr. MILLER. For rounds? We do not cut them. We bone them up and sell them.

Chairman BALL. You do not cut them?

Mr. MILLER. No.

Chairman BALL. You do not do any retail business, then?

Mr. MILLER. Not in steaks; only on Saturdays.

Chairman BALL. What is your retail business, then?

Mr. MILLER. Chuck roasts.

Senator SHEPARD. What do you get for the roasts at retail?

Mr. MILLER. Twenty-five cents.

Chairman BALL. That is the retail price, 25 cents?

Mr. MILLER. Yes.

Chairman BALL. You sell coarser meats. What do you get for those?

Mr. MILLER. That is for hamburg. We bone that up for hamburg.

Chairman BALL. What do you get for that?

Mr. MILLER. Twenty cents and 25 cents.

Senator CAPPER. Retail?

Mr. MILLER. Wholesale, 20 cents; retail, 25 cents.

Senator CAPPER. What do you get for bacon?

Mr. MILLER. I do not sell it.

Senator CAPPER. What do you get for ham?

Mr. MILLER. I do not sell it. I have nothing but fresh meats.

Senator CAPPER. You were in business a year ago?

Mr. MILLER. Yes.

Senator CAPPER. How do the retail prices now compare with those of a year ago?

Mr. MILLER. They have been about the same with me.

Senator CAPPER. Have there been any advances?

Mr. MILLER. No advances.

Senator CAPPER. And you say the wholesale prices are about the same?

Mr. MILLER. About the same.

Senator DIAL. What do you charge for your own services?

Mr. MILLER. I get about \$50 to \$70 a week.

Senator DIAL. You did that last year, too, did you?

Mr. MILLER. Yes, sir; but that has not come out of this \$3,000 that I made last year. I have not taken that out. I have not deducted my salary from that.

Chairman BALL. What storage facilities have you for keeping meat?

Mr. MILLER. None; only I have about 120 pounds up at the store.

Chairman BALL. Do the packers keep your meat for you sometimes?

Mr. MILLER. Yes. We buy it and leave it hang until we want to use it.

Chairman BALL. You leave it hang at the packers?

Mr. MILLER. Yes, sir.

Senator DIAL. Is there any agreement between you and the packers as to the prices at which you shall sell the meat?

Mr. MILLER. No, sir.

Chairman BALL. You could not give me your percentage of profit made on your money invested?

Mr. MILLER. No, sir.

Chairman BALL. You keep no books at all?

Mr. MILLER. No books.

Senator CAPPER. Have you any pork in storage now?

Mr. MILLER. No pork.

Senator CAPPER. The packers have not discussed the price of pork recently with you as to there being an unusually large quantity of pork in storage?

Mr. MILLER. Not with me. I do not handle very much of it.

DISTRICT OF COLUMBIA, ss:

On August 16, 1919, personally appeared before me W. F. Miller, of Washington, D. C., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 12, 1919, having been read by him, the truth to the best of his knowledge and belief.

JOHN J. MCGRAIN, *Notary Public.*

STATEMENT OF MR. LOWE COUNSELMAN.

Chairman BALL. What is your full name?

Mr. COUNSELMAN. Lowe Counselman.

Senator CAPPER. Where is your place of business?

Mr. COUNSELMAN. At the Center Market.

Senator CAPPER. How long have you been in business there?

Mr. COUNSELMAN. Eight years this April just past.

Senator CAPPER. How much have you invested in the business?

Mr. COUNSELMAN. Do you mean to start in business with? When I started eight years ago?

Senator CAPPER. Yes.

Mr. COUNSELMAN. About \$500.

Senator CAPPER. What have you now?

Mr. COUNSELMAN. Last year's profits, do you mean?

Senator CAPPER. No; the amount of money you have invested the business.

Mr. COUNSELMAN. No special amount. I carry a bank account and it is all invested in the business. We do not have to invest much in the business because we buy from one day to another, and we pay our bills weekly, and do not have to invest much in meat.

Senator CAPPER. Of course, you are at the Center Market?

Mr. COUNSELMAN. At the Center Market—Seventh Street wing.

Senator CAPPER. How many employees have you?

Mr. COUNSELMAN. I have two butchers behind the stand beside myself and two men on the machine. I pay one \$35, one \$25 a month for his meats, which amount to more than \$35, a chauffeur \$20, and a jumper \$9.

Senator CAPPER. You have a delivery service?

Mr. COUNSELMAN. Yes, sir; very much so.

Senator CAPPER. A large part of it is delivery?

Mr. COUNSELMAN. Yes, sir. If you buy a leg of lamb, I deliver a good big package of groceries, and everything else. I deliver everything they bring me.

Senator CAPPER. The bulk of your orders come over the telephone?

Mr. COUNSELMAN. Yes, sir.

Senator CAPPER. You have quite a large credit business?

Mr. COUNSELMAN. About \$2,500 a month.

Senator SHEPPARD. What proportion is that of your whole business?

Mr. COUNSELMAN. I take it all in together, the cash and the credit; as the checks come in they are about \$2,000 a week; some weeks less and some weeks more.

Senator SHEPPARD. Is your credit business about half of your whole business?

Mr. COUNSELMAN. Yes; about half.

Senator CAPPER. What are you paying now for beef?

Mr. COUNSELMAN. Twenty-four cents. I handle top meats.

Senator CAPPER. Most of your trade is first class?

Mr. COUNSELMAN. Yes, sir.

Senator CAPPER. How does that figure compare with the price of a year ago?

Mr. COUNSELMAN. The price is about the same. This time in the year the grass-fed cattle come in and good beef is very scarce, which makes it very high.

Senator CAPPER. There has been no material change?

Mr. COUNSELMAN. No, sir. We have always paid cash to get good stuff.

Senator CAPPER. What is the highest price you get from the retailer?

Mr. COUNSELMAN. I buy cuts of loins and ribs and paid 33 cents wholesale for loins last week, and I am getting now 60 cents for porterhouse, 55 cents for sirloin, and 55 cents for club steaks.

Senator CAPPER. What do you get for ham?

Mr. COUNSELMAN. I do not sell ham.

Senator CAPPER. Or bacon?

Mr. COUNSELMAN. Only beef. I sell Kingman's bacon. I pay 68 cents wholesale and sell at 70 cents. That is the only bacon I have.

Senator CAPPER. That has advanced a good deal in the last year. Is it not?

Mr. COUNSELMAN. It has advanced 5 cents. Last year I suppose it was down as low as 55 cents. Then we sold at 60 cents. I figure on 6 cents a pound for a package of bacon.

Senator CAPPER. From whom do you buy principally?

Mr. COUNSELMAN. I buy most of my meat from the Cudahy Packing Co. When I can get it good from the Greenwald Packing Co. I get it there. If he does not have it good I do not buy. I have to have it good or I can not sell it. But I buy most of my beef from the Cudahy Packing Co.

Senator CAPPER. They have a cold-storage house here?

Mr. COUNSELMAN. Only their cooler. They use the stores. I do not know much about that.

Senator CAPPER. Do they carry a pretty large stock here?

Mr. COUNSELMAN. Yes, sir, the Cudahy Packing Co. does.

Senator CAPPER. Do they sell pork?

Mr. COUNSELMAN. No pork. Every Monday I get an order for pork and I sell a little.

Senator CAPPER. You have been in business eight years?

Mr. COUNSELMAN. Yes, sir; I have been in business eight years.

Senator CAPPER. Last year was the best year you have had, was it?

Mr. COUNSELMAN. Yes, sir; and I did more work last year than I did in any other year.

Senator CAPPER. What do you figure your profits were last year?

Mr. COUNSELMAN. My net profits?

Senator CAPPER. Yes.

Mr. COUNSELMAN. Five thousand six hundred and seventy some dollars.

Senator CAPPER. That is after you paid all your taxes?

Mr. COUNSELMAN. After I paid everything; but what I was allowed came out of that \$5,670.

Chairman BALL. You had an allowance of \$2,000. Does that come out of the \$5,670?

Mr. COUNSELMAN. I took \$2,400 out of that and I paid income tax on that.

Senator CAPPER. You allowed \$2,400 for what?

Mr. COUNSELMAN. My wife and two children.

Senator CAPPER. After you paid all your taxes, including your income tax, you had how much?

Mr. COUNSELMAN. \$2,400 out of \$5,670 leaves \$3,250. That was my net profits for the year's business. That is the way we figured it up.

Senator CAPPER. About what was your income tax to the Government? Do you remember?

Mr. COUNSELMAN. It was two hundred and some dollars; I do not remember the exact amount.

Senator CAPPER. And that, you say, was your best year?

Mr. COUNSELMAN. Yes, sir; 1918 was my best year. We sold twice the amount of stuff in that year. Each customer bought more because they had twice the number of people in their houses.

Senator CAPPER. Is it not a fact that all these dealers had better business and made larger profits the last two years than ever before.

Mr. COUNSELMAN. I do not know about the profits, but it is the amount of stuff we have sold; we have sold twice as much as we did the years previous to that.

Senator CAPPER. But still prices were higher?

Mr. COUNSELMAN. They were higher and we paid more for the stuff. When I first went in business you could buy cattle at nine cents a pound. Now they are 24 and 25 cents. I have paid as high as 26 cents.

Senator CAPPER. But your net profits, even after you paid your taxes, were larger the last two years than in previous years?

Mr. COUNSELMAN. They were larger last year because I did more business; I sold more stuff.

Senator CAPPER. Do you hear much complaint among your customers about high prices here?

Mr. COUNSELMAN. Well, they ask me when the prices are coming down, and I tell them I do not know. I am only too glad to see them come down. As long as we are paying such prices for stuff, we can not sell it any cheaper. I have right here a few prices that I have paid for stuff. You can look those over.

Senator SHEPPARD. Suppose you read them to us so they will go into the record.

Mr. COUNSELMAN. This is a sales slip for lamb. I bought this meat on Thursday from Swift & Co. I paid 32 cents for it.

Senator CAPPER. What do you get for that?

Mr. COUNSELMAN. I sold some for 35 cents and some for 40 cents.

Senator CAPPER. Forty cents was the highest price?

Mr. COUNSELMAN. Yes, sir. Of course, we get more for the chops we sell, but we cut the kidneys off, which means something.

Senator SHEPPARD. You paid an average of 32 cents for your lambs?

Mr. COUNSELMAN. Yes.

Senator SHEPPARD. What was the average price that you charged the retailer?

Mr. COUNSELMAN. Thirty-five cents for the boarding houses and 40 cents for the retailers.

Senator SHEPPARD. Then, your average was between 35 cents and 40 cents.

Mr. COUNSELMAN. Yes. There was a profit of 6 cents. Yesterday I paid 26 cents, and 25 cents for lambs.

Senator SHEPPARD. And you sold it at about the same figure?

Mr. COUNSELMAN. I did, some of them. For the little legs I got 45 cents. When you cut them you have a loss on the butt end.

Senator SHEPPARD. As a rule, how much percentage do you figure would bring you out with a reasonable profit on what you buy your stuff for?

Mr. COUNSELMAN. The entire profits?

Senator SHEPPARD. Yes.

Mr. COUNSELMAN. Fifteen per cent is what I figure. On some things I get 10 per cent, on some 20 per cent, but you can average it at 15. I have customers that buy stew beef at 40 cents. Some buy cheaper parts to work into stew meat. I could not give them 25-cent stew meat out of 24-cent beef, not very handy. Last week I paid 33 cents for rib beef.

Senator SHEPPARD.—What did you get for that?

Mr. COUNSELMAN. We sell the blade ends at 35 cents and the best cuts at 45 cents per pound, but if you leave it on the stand two days you have to trim off about 3 pounds, which sells for 5 cents per pound. Here are loins and ribs. Thirty-three cents for loins and ribs; 24 cents for a carcass; last week's prices, 32 cents for hind side lamb.

Senator CAPPER. How will that price of 60 cents that you are getting now for porterhouse steak compare with what you were getting last year?

Mr. COUNSELMAN. That is well trimmed. I have customers that will not have a steak unless I trim it well.

Senator CAPPER. Is 60 cents as high as porterhouse steak has ever been?

Mr. COUNSELMAN. It is as high as I ever charged.

Senator CAPPER. Do you remember what you were charging a year ago for porterhouse steak?

Mr. COUNSELMAN. I could not say; about the same. Sometimes if we get a price 5 cents down on a loin of beef we drop down 5 cents on a steak. If rib beef comes down we drop down 5 cents. I have paid as high as 38 cents for ribs, and could not get more than 45 cents. If you ask more they will not pay it.

Senator CAPPER. Are people buying more of the better grades now?

Mr. COUNSELMAN. I will tell you what the trouble is with the people in Washington. They are all making high salaries and they want the best of everything. Nobody will come along and buy a piece of corned beef or stew beef. A colored man will want a piece of porterhouse steak and he wants the best and will pay for it. We have to charge him 60 cents for that steak. We sell corned beef at 30 cents a pound out of 25-cent cattle.

Senator SHEPPARD. What do you do with your wastage?

Mr. COUNSELMAN. We sell it to Mr. Norton.

Senator SHEPPARD. What do you get for it?

Mr. COUNSELMAN. For top fat he pays us 9 cents and a cent a pound for bones, but for the other fat he has not been paying but 5 or 6 cents. In the winter time Phillips pays us a little more. But my class of beef has some fat in it too. Of course, I am not speaking of what the other fellow has.

Senator CAPPER. You do not sell much pork?

Mr. COUNSELMAN. No, sir; I do not. As I told you, I only handle it on Monday this time of the year. In the winter time I get a little from Kingman.

Senator SHEPPARD. How do you keep up with the market in general here in Washington?

Mr. COUNSELMAN. Do you mean the wholesale trade?

Senator SHEPPARD. I mean with the prices, so you can see what you can get for your stuff?

Mr. COUNSELMAN. Well, there are times when I have to pay more for the stuff than I really get from the customer. If they raise 5 cents a pound I try to raise a little more. If we find we are losing money on it, we try to raise it, but I try to keep it down as low as I possibly can.

Chairman BALL. You buy most of your supplies from Cudahy Co.?

Mr. COUNSELMAN. Yes, sir; over two-thirds of it from them.

Senator CAPPER. Do Armour & Co., or Swift & Co. desire to have your trade?

Mr. COUNSELMAN. Yes, sir.

Senator CAPPER. They come to see you?

Mr. COUNSELMAN. They do; and I go in there, but I find that Cudahy treats me better than the rest, I think, and that is the reason I buy of them. I do not have to walk in his box. He can pick it out the same as I can. Sometimes I do not feel like going in his box.

Senator CAPPER. But each of these packers has salesmen here?

Mr. COUNSELMAN. Yes, sir.

Senator CAPPER. Do they make a business of soliciting?

Mr. COUNSELMAN. They do not have to solicit. We have to go and look for them. Sometimes we have to bring our own stuff in. That does not bring it in to you.

Senator CAPPER. Have you ever seen a time here when there was no competition between the "Big Five" packers?

Mr. COUNSELMAN. I have seen the time when they had plenty of stuff to move and would go around and sell it. I worked for Swift & Co. five years myself, and I have gone to sleep waiting for a man to come over and buy the stuff.

Senator CAPPER. That would be when they had a large supply of something?

Mr. COUNSELMAN. That was when the stuff was really cheap.

Chairman BALL. You say the wholesale price of meat is about the same now as it was 6 months ago?

Mr. COUNSELMAN. The wholesale price of high class meat?

Chairman BALL. Yes.

Mr. COUNSELMAN. No, sir; I do not say that. I say prices are a little higher now than they were 6 months ago on the high class beef.

Chairman BALL. Are they higher than they were 3 months ago?

Mr. COUNSELMAN. We could buy cattle at 21, 22, and 23 cents, but now they are 24 and 25 cents; 25 cents for top cattle, Swift & Co. asked me last Friday.

Senator SHEPPARD. Do you think conditions would be helped here if we had a municipal slaughterhouse where a man who raised cattle near by could bring them in and have them slaughtered at a reasonable figure and sell them to you?

Mr. COUNSELMAN. I do not think so, because I do not think you could get enough cattle to feed Washington that way.

Senator SHEPPARD. Do you think it would cost more to produce it that way?

Mr. COUNSELMAN. Yes, and you have to let this cattle hang for some days to cool before you put the meat on the market. You can not kill the cattle one day and put the meat on the market the next day.

Senator SHEPPARD. They will not have fresh meat?

Mr. COUNSELMAN. No, sir. Just a few people want kosher meat. But you can not cut up the bullock you kill one day and put it on the stand the next day.

Senator SHEPPARD. Fresh meat is really the most healthy, is it not?

Mr. COUNSELMAN. I suppose so. I have customers who sometimes want beef that has hung for a week.

Chairman BALL. You say you pay 24 cents. Do you mean by the carcass?

Mr. COUNSELMAN. Yes, sir; by the carcass of beef. I paid 24 cents yesterday morning for it, too. I have the bill right here. This is a bill of yesterday morning from Morris & Co. for one carcass of beef, 580 pounds, at 24 cents. We buy lambs, sometimes, at 25 cents on Friday and then the price jumps to 28 cents.

Senator DIAL. What about week before last?

Mr. COUNSELMAN. Lambs were a little cheaper.

Senator DIAL. What about beef?

Mr. COUNSELMAN. At 23 cents we could buy beef.

Senator SHEPPARD. The packers tell you what you have to pay and you have to pay it?

Mr. COUNSELMAN. We have to pay it or we do not get it. They do not tell us that. They give us that price. If one man does not pay it, the other man comes along and gets it, whoever wants the stuff.

Senator SHEPPARD. Then there does not seem to be any genuine competition, so far as the packers are concerned?

Mr. COUNSELMAN. Any competition with the packers?

Senator SHEPPARD. I mean so far as buying from the packers is concerned?

Mr. COUNSELMAN. No, sir; you can buy it from anybody if you have the right price and the right stuff.

Senator CAPPER. But the prices are about all the same?

Mr. COUNSELMAN. The packers' prices are about all the same.

Senator DIAL. Is it the same with respect to the lower grades of meat?

Mr. COUNSELMAN. I could not tell you, because I never price a piece of beef like that.

Senator DIAL. What suggestion would you make to reduce the price to the consumer? Can you make any suggestion with respect to that?

Mr. COUNSELMAN. I do not know, unless we get our stuff cheaper. I do not see how we can sell it any cheaper with the overhead expenses that we have. I have customers call up for a pound of lamb chops and they want them sent as far as Garfield Street or 28th Street.

Senator DIAL. What do you do with it?

Mr. COUNSELMAN. I sell them and do not charge them anything extra. I make about 5 cents on the order.

Senator DIAL. Do you have a regular time during the day to make deliveries?

Mr. COUNSELMAN. No, sir.

Senator DIAL. You simply have your wagon go right back over the same route three or four times?

Mr. COUNSELMAN. We could not regulate our business in that way, because the phone is ringing all day long.

Senator DIAL. I am trying to get at this: Suppose you started at a certain hour of the day. Any orders coming in before 1 would be delivered in the afternoon?

Mr. COUNSELMAN. That is possible.

Senator DIAL. If they came in later, they would be delivered in afternoon?

Mr. COUNSELMAN. That is what I try to do. But suppose a roast beef order should come in from your house at 1 o'clock and wanted a 6 o'clock dinner. The roast beef has got to be at your house at 3 o'clock.

Senator DIAL. I would try to educate them to order earlier.

Mr. COUNSELMAN. You can not educate anybody in that respect, sir. I will tell you that right now. They get out of bed sometimes at 12 o'clock and they call up about at the lunch hour.

Senator DIAL. I am just trying to see whether the fault is with you or with the customer.

Mr. COUNSELMAN. I think it is with the customer in that respect because I am working from 7 o'clock in the morning trying to get the orders out. It is my business to get them out; that is the greatest success of the business, to get people's stuff out. I sell much to people over the phone as I do across the counter. Sometimes when customers come to me to pay a bill I do not know when they come.

Senator CAPPER. Would not the overhead expense and the cost distribution be reduced if there were about one-fourth as many dealers as we now have?

Mr. COUNSELMAN. One-fourth as many dealers?

Senator CAPPER. Yes.

Mr. COUNSELMAN. I do not know, sir. The market seems to be busy all the time. You have got to have people in there to supply the customers. They all seem to be doing well. Our wages are high that we have got to pay a man twice as much as we did two three or four years ago. When I first started in business I used to hire a butcher for \$10 a week. Now we pay \$35. Those that used to pay \$8 a week we now have to pay \$20. They are looking for their money Saturday evening and if they do not get it they will not come back on Monday morning.

Senator CAPPER. Could you not deliver about twice the quantity of meat you now deliver for pretty nearly the same cost?

Mr. COUNSELMAN. No, sir. Twice as much as I do now?

Senator CAPPER. With your delivery system could you not distribute over this city twice as much meat as you do now with very little, if any, additional cost?

Mr. COUNSELMAN. No, sir; I would have to have a machine just the same. I have only got one machine, and I would have to have another machine. Sometimes my machine burns up 10 gallons of gas, and some days 3 gallons of gas, so you see it covers a good many miles in a day. It goes from Georgetown to the Navy Yard and takes in four corners of the city.

Senator DIAL. Do you make any difference in the price if people go to your place of business and get their meat?

Mr. COUNSELMAN. No, sir; that does not make any difference to me. I do not charge for delivery; it is just the way I have of doing business. Sometimes they will come and buy and take their stuff

with them. Most of them have machines. Then they will have vegetables sent. They go out on the country line and bring in a cartload of vegetables and deliver them at my expense. You cannot say anything to them, or you will lose the trade; and the class of people I have are mostly all together; I have a lot of Jewish people dealing with me. They all buy together, and if you insult one, you insult the whole business. I do not figure on insulting anybody, but if you say something to one of them it goes from one to another.

Chairman BALL. Do you have any losses from your meat business?
Mr. COUNSELMAN. I do not lose much. Last year I lost about \$200.

DISTRICT OF COLUMBIA, ss:

On August 16, 1919, personally appeared before me Lowe Counselman, of Washington, D. C., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 12, 1919, having been read by him, is the truth to the best of his knowledge and belief.

[SEAL.]

JOHN J. MCGRAIN,
Notary Public.

STATEMENT OF MR. I. J. RILEY.

Senator CAPPER. Give us your full name.

Mr. RILEY. Ivan J. Riley.

Senator CAPPER. Where is your place of business?

Mr. RILEY. 19-20-21 Center Market.

Senator CAPPER. How long have you been in business?

Mr. RILEY. A little more than nine years.

Senator CAPPER. What class of trade do you sell to?

Mr. RILEY. Mine is mostly cash and carry. I sell everything over the bench. I cater to a transient trade.

Senator CAPPER. You have no delivery?

Mr. RILEY. No, sir.

Senator CAPPER. You probably sell more of the cheaper grade?

Mr. RILEY. No, sir, we sell more steaks and chops than anything else, mostly, now, two to three chops at a time.

Senator CAPPER. How do prices compare now with, say, prices a year ago?

Mr. RILEY. Well, as near as I can remember, about the same. I paid 24 cents for beef yesterday. I paid 30 cents for lambs to-day.

Senator CAPPER. What is the highest price you are getting to-day?

Mr. RILEY. The highest is 55, and that is not enough. I kept track of a loin of beef, paying 35 cents a pound for it. I got 50 cents for the sirloin and 55 cents for porterhouse and did not come out what it cost.

Senator CAPPER. You did not get the actual cost?

Mr. RILEY. I did not get the actual cost out of the loin at 35 cents. I would like to have you appoint a committee and give the committee a demonstration on a loin. I will give it myself, or have any butcher in the market cut a side of meat or a bullock, and you can get right to the bottom there.

Senator CAPPER. Is 55 as high as you have got this year?

Mr. RILEY. Fifty-five is as high as I have ever got; yes, sir.

Senator CAPPER. How does the volume of your business compare with your last year's business?

Mr. RILEY. Last year? I think I will do a little more during than I did in 1918. Of course, 1918 was a whole lot more than 1

Senator CAPPER. What were your net earnings last year?

Mr. RILEY. About \$7,000.

Senator CAPPER. That was the largest you have ever had?

Mr. RILEY. Yes, sir.

Chairman BALL. How much money have you invested?

Mr. RILEY. Of course, in the market you know that we practically have nothing, you might say—perhaps \$500.

Senator CAPPER. From whom do you buy, mostly?

Mr. RILEY. I guess from Morris & Co., mostly, but I buy from the packing houses, and from Mr. Keane, home dressed.

Senator CAPPER. Do the prices seem to be about the same?

Mr. RILEY. About the same; yes, sir. I can do a little better than Morris & Co.'s when they have the quality of beef. I handle a good grade of stuff.

Senator CAPPER. When you buy do you go to them or do they come to you?

Mr. RILEY. They do not come to us. We go to them for everything, and then beg them to send it over, and then we have to tell a colored fellow to bring it, or it will hang there two or three hours.

Senator CAPPER. There is no competition on the part of the packers in selling?

Mr. RILEY. Practically none.

Senator SHEPPARD. They generally all ask you about the same price?

Mr. RILEY. About the same.

Senator SHEPPARD. How do you suppose that happens? Do they understand one another?

Mr. RILEY. I do not know. I could not say; but in going around it is nearly the same; there may be one-half cent difference, something like that.

Senator CAPPER. Do you sell much pork?

Mr. RILEY. No, sir; no pork. Only beef, lamb, and veal.

Senator CAPPER. What do you get bacon for?

Mr. RILEY. I do not handle bacon.

Senator CAPPER. No hams?

Mr. RILEY. Nothing in the pork product line.

Senator CAPPER. The trade very generally is prosperous, is it not? That is, I mean the retail dealers in meat.

Mr. RILEY. More so than they have ever been; yes, sir. You tell me the retail meat dealers, up until the last couple of years, and they just about made a living; that is, in my time. I do not know what it was years before that.

Senator CAPPER. Are you hearing much complaint from your customers?

Mr. RILEY. Nothing more than asking when the prices are going down.

Senator CAPPER. What do you tell them?

Mr. RILEY. I tell them I do not know; I have no idea when it is coming.

Senator SHEPPARD. The customers are asking for better grades, are they? That is, they are spending money more freely than previously?

Mr. RILEY. They are buying better cuts.

Chairman BALL. What do you do with your cheaper cuts?

Mr. RILEY. We sell everything at some price. We sell plates as low as 18 or 20 cents; flanks, 15 cents; the neck we grind up and sell at 25 to 30 cents. We sell them sometimes in just the whole neck at 22 cents a pound.

Senator CAPPER. Is anybody here in Washington or around Washington slaughtering for the wholesale market?

Mr. RILEY. There is an abattoir at Benning.

Senator CAPPER. Do you ever patronize that?

Mr. RILEY. I told you in the beginning that I bought some meat from Mr. Keane. He is one of the gentlemen who kill there.

Senator CAPPER. How do his prices compare with the packers' generally?

Mr. RILEY. I bought some home dressed beef last week and paid 22 cents a pound, and I do not think I could have got anything as good as that under 23 from a western house. Perhaps it was not there. There was a whole lot of rough gross cattle on the market last week.

Senator SHEPPARD. Have your business expenses increased at the same time your volume of business has increased?

Mr. RILEY. I only have one man with me. Of course I bring my boy down on Saturday to help me—and a colored fellow.

Senator SHEPPARD. Your own cost of living has increased, has it not?

Mr. RILEY. Of course; yes, sir.

Senator CAPPER. You have no difficulty in holding your trade because you do not deliver?

Mr. RILEY. I do about the same all the time. As I say, if it keeps up the rest of the year I may do a little more than I did last year.

Senator CAPPER. Do you think other dealers could dispense with their delivery system?

Mr. RILEY. Really, I do not know. I have been there for 9 years and started that way. It is nothing new with me.

Senator CAPPER. How many other dealers probably handle their business as you do—probably what percentage?

Mr. RILEY. I have never stopped to give it a thought.

Senator CAPPER. A good many others, are there?

Mr. RILEY. I would say quite a few; yes, sir.

DISTRICT OF COLUMBIA, ss:

On August 16, 1919, personally appeared before me, I. J. Riley, of Washington, D. C., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 12, 1919, having been read by him, is the truth to the best of his knowledge and belief.

JOHN J. MCGRATH, *Notary Public*.

STATEMENT OF I. S. BEALL.

Senator CAPPER. Will you give us your name in full?

Mr. BEALL. Irving S. Beall.

Senator CAPPER. Where is your place of business?

Mr. BEALL: Center Market.

Senator CAPPER: How long have you been in business?

Mr. BEALL: About 15 or 16 years.

Senator CAPPER: You are one of the oldest, then, I suppose, in business?

Mr. BEALL: Yes, sir.

Senator CAPPER: Your business runs along about the same volume year after year, does it?

Mr. BEALL: Yes, sir; a little better last year than it has been this year.

Senator CAPPER: How do you account for that?

Mr. BEALL: There were more people here. The town was very much crowded and everybody bought plenty of stuff.

Senator CAPPER: The prices are about the same this year as they were last, are they?

Mr. BEALL: I find that I paid a little more for meat last year than I do this.

Chairman BALL: You paid more last year?

Mr. BEALL: Yes, sir; about 2 cents.

Chairman BALL: Is it a little cheaper this year?

Mr. BEALL: A little cheaper this year.

Senator CAPPER: You are selling about the same as last year?

Mr. BEALL: Not as much.

Senator SHEPPARD: About as much, or not as much, did you say?

Mr. BEALL: Not as much.

Senator CAPPER: From whom do you mostly buy?

Mr. BEALL: Swift, Morris & Co., Wilson—most any of them.

Senator CAPPER: Their prices are about the same, are they?

Mr. BEALL: They all run about the same; yes, sir. Of course, it is according to the grades. There are about three grades of meat—first, second, and No. 1, I think.

Senator CAPPER: In what do you deal, principally?

Mr. BEALL: Medium grade.

Senator CAPPER: About what is the highest price you get for beef steaks now?

Mr. BEALL: We get 45 and 50.

Senator CAPPER: Fifty is about your highest?

Mr. BEALL: Yes, sir.

Senator SHEPPARD: What do you pay for the class of meat that you get 45 and 50 cents for?

Mr. BEALL: Twenty-one and 22 cents.

Senator CAPPER: You have a delivery system, have you?

Mr. BEALL: Yes, sir.

Senator CAPPER: Most of your trade is through a delivery system?

Mr. BEALL: Yes, sir.

Chairman BALL: What did you say you were paying for beef now?

Mr. BEALL: 22 cents. Last year about this time—I was looking over some bills—I was paying a quarter.

Senator DIAL: Did you pay 22 cents for any beef last week?

Mr. BEALL: Yes, sir.

Senator DIAL: Is that the highest you paid last week?

Mr. BEALL: Yes, sir.

Senator CAPPER: Do you have many Government employees among your customers?

Mr. BEALL. Yes, sir.

Senator CAPPER. Are they buying the best cuts of beef?

Mr. BEALL. Yes, medium. The most demand for meat at this time of the year is for steaks and chops. We buy cattle straight and make corned beef; take the plates and briskets, and you could sell that for 15 cents a pound. I have got 2,000 pounds of corned beef now that I would like to sell for a dime a pound. It just accumulates; there is no sale for it. Take the working people that come along, making five or six or seven dollars a day, like a plumber or a bricklayer—seven or eight dollars a day—they want rib roast and leg of lamb and porterhouse steak as well as anybody else. We make them the price, and they are going to buy it. There is no demand for the coarse meat at all.

Senator CAPPER. You have trouble in disposing of that, do you?

Mr. BEALL. Yes, sir. I would be glad to sell my coarse beef for 15 cents a pound, and take a contract for it.

Chairman BALL. People could get cheap meat if they were willing to eat cheap meat, is that the point?

Mr. BEALL. Yes, sir. If we had more demand for hamburg steak and corned beef and stew meat we could sell prime meat more cheaply.

Chairman BALL. Do you deal in anything but beef?

Mr. BEALL. We handle a little pork.

Chairman BALL. What are hams worth now?

Mr. BEALL. I sell a few hams. They are selling around 42 cents. We are paying 41 and 38½ cents for ham—41 for the best grade and about 38 for a grade that I do not think is as good; 42 and 44 is the highest I have sold ham for.

Senator SHEPPARD. Considering everything, what would you say your average of profit on a pound of meat is that you pay 22 cents for?

Mr. BEALL. I think we get about 7 per cent.

Senator SHEPPARD. How do you decide what you will charge for meats?

Mr. BEALL. That all depends on what we pay for them. If we buy beef and sell the steak part of it and there is no demand for the other, of course we have got to get more for the steaks, more for the beef that we cut the steaks out of.

Senator SHEPPARD. Do you keep up with the prices that other people get that are published in the papers, in other lines?

Mr. BEALL. No, sir; you can not do that. This has to be governed by what we have to pay for it. One man may walk into the Old Dutch Market and buy in a lot of stuff for 5 cents a pound cheaper than we can buy it. We can not use that kind of stuff.

Senator SHEPPARD. Is your stuff sometimes a complete loss?

Mr. BEALL. Oh, yes, sir. I do a retail business. and last Saturday I got around \$500. I had a hundred and some odd pounds of trimmings, that is, bone. I sold that for 94 cents—I think that is what it brought me.

Senator SHEPPARD. The whole thing?

Mr. BEALL. Yes, sir. The 100 pounds of trimmings stood me fully \$30.

Senator SHEPPARD. When you consider the way in which your own living expenses have increased, you do not consider that you are getting an unusually high profit in your business?

Mr. BEALL. I should say not, sir. I have been about 10 years buying one house, and I have just started my second one. I have been 15 years in the business. The trouble is that we have no outlet for the cheaper meat.

Senator SHEPPARD. Do you know of any retail dealers who have become very wealthy?

Mr. BEALL. If they have, I do not know what they have done with their money. It does not show up in black and white.

Senator SHEPPARD. The packers have done pretty well, have they not?

Mr. BEALL. The packers get theirs before it is sent here. It does not show on this end.

Senator SHEPPARD. Do you know how they fix their prices here? Do you people compete with one another in buying their goods, or do you have to pay what they say?

Mr. BEALL. They estimate a car of beef. They get a car of beef in with 30 cattle that grade 1, 2, and 3. They put 22 cents on one, 20 cents on No. 2, and 15 or 16 cents on No. 3.

Senator SHEPPARD. Do they get that when they grade it and put that price on it?

Mr. BEALL. They work according to that, you understand; they try to get that. It may bring \$1.50 above that, or \$1.50 below it. It depends altogether on what the demand is. The demand for stuff governs the price, you know, all the time.

Senator DIAL. You could buy a hind quarter from a packer without buying a fore quarter?

Mr. BEALL. Yes, sir.

Chairman BALL. How much waste is there in cutting and trimming a side of beef?

Mr. BEALL. I imagine in cutting a whole side of beef there would be around 30 pounds of waste. We get probably half fat, and the other 15 pounds would be bone.

Chairman BALL. You get how much for the fat?

Mr. BEALL. Nine or 10 cents a pound for that.

Chairman BALL. The bone you get very little for?

Mr. BEALL. One-half cent.

Chairman BALL. How much is bone out of that?

Mr. BEALL. One-half cent a pound.

Chairman BALL. I know; but what percentage of your 30 pounds?

Mr. BEALL. They break about even.

Chairman BALL. About 50-50?

Mr. BEALL. In trimming and retailing it.

DISTRICT OF COLUMBIA, ss:

On August 18, 1919, personally appeared before me I. S. Beall, of Washington, D. C., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 12, 1919, having been read by him, is the truth to the best of his knowledge and belief.

[SEAL.]

JOHN J. McGRAIN, Notary Public

STATEMENT OF MR. THOMAS R. DEWDNEY.

Senator CAPPER. Give us your full name.

Mr. DEWDNEY. Thomas R. Dewdney.

Senator CAPPER. Where are you in business?

Mr. DEWDNEY. Center Market.

Senator CAPPER. How long have you been there?

Mr. DEWDNEY. Since 1907.

Senator CAPPER. What trade do you have largely?

Mr. DEWDNEY. Some retail, a good many lunch rooms, and a few stores.

Senator CAPPER. What are you paying now for beef?

Mr. DEWDNEY. Anywhere from 20 to 22 cents.

Senator CAPPER. Whom do you buy from principally?

Mr. DEWDNEY. Anybody; any of the packers.

Senator CAPPER. You deal with all of them, do you?

Mr. DEWDNEY. Yes, sir.

Senator CAPPER. You go from one to another and find out which

one—

Mr. DEWDNEY. Just what I think I can sell.

Senator CAPPER. Has business been good with you this year?

Mr. DEWDNEY. This year?

Senator CAPPER. Yes.

Mr. DEWDNEY. Not as good as last year.

Senator CAPPER. What was your profit last year?

Mr. DEWDNEY. Net?

Senator CAPPER. Yes—well, your gross profit last year?

Mr. DEWDNEY. I do not know what the gross profit was. I kept and account of that and gave it to my lawyer and had him figure out. I really forget what it was—about 7 or 8 per cent, I think.

Senator CAPPER. On your volume of business?

Mr. DEWDNEY. Yes, sir.

Senator CAPPER. About what was your volume of business?

Mr. DEWDNEY. I do not remember the exact figures.

Senator CAPPER. Could you not give us approximately an estimate of what you made last year?

Mr. DEWDNEY. What I made last year?

Senator CAPPER. Yes.

Mr. DEWDNEY. I could not give you the exact figures, because I do not remember them.

Senator CAPPER. Just approximately.

Mr. DEWDNEY. I guess about five to seven thousand dollars, or something like that.

Senator CAPPER. Would that be after you pay all your taxes, etc.?

Mr. DEWDNEY. Yes, sir.

Senator CAPPER. That was your best year's business?

Mr. DEWDNEY. That is my best year; yes, sir.

Senator CAPPER. You think it will not run quite as good this year?

Mr. DEWDNEY. I do not see what will cause it to grow that way.

This year the population is not here.

Senator CAPPER. You are doing about the same volume of business, are you not?

Mr. DEWDNEY. Not as large; no, sir.

Chairman BALL. What about the percentage of profit this year?

Mr. DEWDNEY. The percentage of profit this year?

Chairman BALL. Is it about the same?

Mr. DEWDNEY. About the same; yes, sir.

Chairman BALL. Are you paying more or less for your meat than you did last year?

Mr. DEWDNEY. Truthfully, I do not remember about a year ago, but I would imagine about the same. I do not see any great change in it.

Chairman BALL. Are your retail prices about the same?

Mr. DEWDNEY. About the same; yes, sir.

Chairman BALL. Do you supply hotels?

Mr. DEWDNEY. Very few of them, mostly lunch rooms.

Chairman BALL. Do you make a difference in your retail price and your hotel price?

Mr. DEWDNEY. We better make a difference. They would not buy from me if I did not change. You are forced to.

Chairman BALL. What are your retail prices and what are your hotel prices?

Mr. DEWDNEY. On what goods?

Chairman BALL. On steaks, roasts, pork.

Mr. DEWDNEY. I sell very few steaks to hotels or lunch rooms.

Chairman BALL. More roasts?

Mr. DEWDNEY. Yes, sir; 25 cents for the chuck roast, 30 to 32 cents for the ribs. That is the wholesale price.

Chairman BALL. What is your retail price?

Mr. DEWDNEY. Thirty-five to 40 cents. 45 cents if it is an extra good piece.

Chairman BALL. About 5 cents difference?

Mr. DEWDNEY. Yes, sir. But in order to bring 45 cents the meat has to be an extra good piece. Of course, we run across those sometimes in buying a bunch of cattle.

Senator CAPPER. Do you slaughter?

Mr. DEWDNEY. No, sir; nothing.

Chairman BALL. Do you do any business other than meat?

Mr. DEWDNEY. No, sir. Beef, lamb, and veal, that is all.

Senator CAPPER. These lunch houses take very cheap cuts of meat, do they not?

Mr. DEWDNEY. Lunch houses?

Senator CAPPER. Yes.

Mr. DEWDNEY. Some do and some do not. It depends on the section of the city. You go down around Four-and-a-half Street and South Capitol Street and they use most anything, and they pay you accordingly; but if you go up on Fourteenth Street and Pennsylvania Avenue, they use a better grade and you pay accordingly. You know that as well as I do.

Senator CAPPER. You try to get about the same price on all of them?

Mr. DEWDNEY. Yes, sir.

Senator CAPPER. Are all those stalls—you call them stalls—in the Center Market occupied?

Mr. DEWDNEY. Yes, sir; and applicants waiting for them.

Senator CAPPER. There is quite a demand for them?

Mr. DEWDNEY. Yes, sir.

Senator CAPPER. Are all of them making good money?

Mr. DEWDNEY. I do not know anything about that. I only know about myself. That keeps me busy.

Chairman BALL. Has the rental increased in those stalls since last year?

Mr. DEWDNEY. No, sir.

Chairman BALL. The increased demand does not increase the rentals?

Mr. DEWDNEY. I do not know whether there is an increased demand for the stalls, but I do know that there are some waiting for stalls in the Center Market. The increase I do not know.

Chairman BALL. There is a demand; you know that?

Mr. DEWDNEY. Yes, sir; the demand is there.

Senator DIAL. What did you pay for beef last week?

Mr. DEWDNEY. From 20 to 22 cents. I think 23 cents was the highest price.

Senator CAPPER. Do stalls change hands often?

Mr. DEWDNEY. If somebody dies, or a man goes broke.

Chairman BALL. Do they ever go broke in the retail business?

Mr. DEWDNEY. Yes, sir. There is not as much money in the retail business as the average person thinks there is. If the average person would buy the rough stuff, prime cuts would not be so high. Nine-tenths of them buy lamb chops, and want four chops. How many are on a lamb? It is not all chops. Consequently, they have got to pay for the prime cut if you want to get rid of the other part.

Senator CAPPER. Are any of those stalls transferred at a premium?

Mr. DEWDNEY. I do not know anything about that. That pertains to the market company.

Senator CAPPER. They do change hands every once in a while, do they not?

Mr. DEWDNEY. I have seen them change hands; yes, sir.

Senator CAPPER. I was wondering whether it was possible to buy a stall there.

Mr. DEWDNEY. Oh, that is taken up entirely by the market company. The tenants have nothing to do with that.

Senator SHEPPARD. What was your average return for the meat that you paid 22 and 23 cents a pound for?

Mr. DEWDNEY. Average return?

Senator SHEPPARD. Yes, the average per pound that you got?

Mr. DEWDNEY. That is a pretty hard thing for anybody to figure out. I would rather see figures, but I can not give you the exact figures. Cattle are composed just the same as people, and no man can sit down with a pencil and figure it out, I don't care who he is.

Senator SHEPPARD. What did you get for the best part?

Mr. DEWDNEY. The best part, retail?

Senator SHEPPARD. Yes.

Mr. DEWDNEY. Forty-five cents for the best cut of the rib; 50 and 55 cents for the steak—and that is trimmed very close.

Senator SHEPPARD. That is steak that you pay 22 and 23 cents all around for?

Mr. DEWDNEY. Yes, sir.

Senator SHEPPARD. What is the least you got for the cheaper cuts?

Mr. DEWDNEY. Thirteen cents.

Senator SHEPPARD. Then it ranges all the way from 13 to 5 cents?

Mr. DEWDNEY. Yes, sir.

Senator DIAL. Did you ever take a carcass and figure out what it would cost you and what you sold it at and what you got out of it?

Mr. DEWDNEY. Did I ever take a carcass and do that?

Senator DIAL. Yes.

Mr. DEWDNEY. I do not believe there is any man that ever cut a carcass that did that, and I do not believe there is any man that ever took a carcass of beef and sat down with a pencil and paper who can tell you what you are going to get out of it.

Senator DIAL. He might tell you what he got, but not what he was going to get.

Mr. DEWDNEY. No, sir; I never kept any account of it.

Senator DIAL. If I were in business I would try to buy one and sell it and tell what was in it.

Mr. DEWDNEY. I bet you would not cut another one. You would make your last cut on that one. You would say, "No, sir! The electric fans for mine!"

Senator SHEPPARD. Do you buy the whole carcass or the cuts?

Mr. DEWDNEY. No, sir; I buy straight cattle.

Senator SHEPPARD. That is, the whole carcass?

Mr. DEWDNEY. Yes, sir.

Senator SHEPPARD. That is what I mean. You buy the whole carcass?

Mr. DEWDNEY. Yes, sir.

Senator SHEPPARD. When you buy the straight carcass, how do you calculate what your selling price will be?

Mr. DEWDNEY. The market soon shows you what the selling price shall be.

Senator SHEPPARD. What do you mean by the market? A man comes in and you tell him what he will pay?

Mr. DEWDNEY. Yes, sir; and he goes around to many places and if it does not suit him he will not buy it.

Senator SHEPPARD. Does he go to different dealers?

Mr. DEWDNEY. I will say 90 out of 100 do.

Senator SHEPPARD. Is the range very great between the lowest and the highest?

Mr. DEWDNEY. That depends on the quality.

Senator SHEPPARD. I mean for the same quality?

Mr. DEWDNEY. No, sir.

Chairman BALL. You do not fix your asking price for the meat according to the actual cost to you of that meat, do you?

Mr. DEWDNEY. Do not fix what?

Chairman BALL. Your selling price? You fix your selling price at whatever the people are willing to pay, I understand from what you say?

Mr. DEWDNEY. You can not always fix your selling price to suit yourself.

Chairman BALL. Ordinarily you figure out that "this cost me so much; there is so much waste in it; there is so much overhead; I

have to get so much out of it. I have to charge so much for this meat, so much for that, and so much for this?

Mr. DEWDNEY. I would judge about 15 per cent.

Chairman BALL. About 15.

Mr. DEWDNEY. That is, you take two or three cattle and put them on your stall on Saturday morning—that is not the best time to put them on—and the sun starts to shine, and a lot of people come in to market. The first thing you know it starts to rain. You have got to sell those cuts; it does not make any difference whether it cost 22 cents or 10 cents. They have got to be sold, because on Monday, what are they? They are not worth 10 cents.

Senator SHEPPARD. Have you any cold-storage or refrigerator facilities?

Mr. DEWDNEY. No, sir; nothing but the ice box that I pay for yearly to the market company.

Senator SHEPPARD. What is its capacity?

Mr. DEWDNEY. About a 2 by 4.

Chairman BALL. How much help do you keep?

Mr. DEWDNEY. Two men.

Chairman BALL. The only expenses you have, then, are the wages of the two men and the rental of your stall?

Mr. DEWDNEY. And the machine to deliver.

Chairman BALL. The machine for delivery, you said?

Mr. DEWDNEY. Yes, sir.

Chairman BALL. That is your capital investment, so far as you are concerned?

Mr. DEWDNEY. Yes, sir.

Chairman BALL. As I understand, your profits were about \$7,000?

Mr. DEWDNEY. No, sir; I did not say seven. I said between five and seven.

Senator DIAL. Did you not allow yourself a salary?

Mr. DEWDNEY. I have what is left.

Senator DIAL. You did not take anything out beforehand?

Mr. DEWDNEY. No, sir. Sometimes, if I allowed myself a salary, I would not be able to buy a cigar, and at other times I could buy a box.

Senator SHEPPARD. Are you a man of family?

Mr. DEWDNEY. Nobody but a wife—a wife and a dog.

Senator SHEPPARD. The dog gets the cheaper cuts?

Mr. DEWDNEY. No, sir; he is just as particular as I am. That is a dog without a pedigree.

DISTRICT OF COLUMBIA, ss:

Personally appeared before me on August 18, 1919, T. R. Dewdney, of Washington, D. C., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 12, 1919, having been read by him, is the truth to the best of his knowledge and belief.

[SEAL.]

JOHN J. McGRAIN,
Notary Public.

STATEMENT OF MR. G. W. ZIMMERMAN.

Senator CAPPER. What is your name?

Mr. ZIMMERMAN. G. W. Zimmerman.

Senator CAPPER. What is your place of business?

Mr. ZIMMERMAN. Center Market.

Senator CAPPER. How long have you been in business there?

Mr. ZIMMERMAN. Ten years.

Senator CAPPER. About how many meat dealers are there in that market?

Mr. ZIMMERMAN. In the retail market? I can not answer. I think there are something like 50 beef butchers in the Ninth Street wing. I am guessing at that, now. I just figured it over in my mind.

Senator CAPPER. That is as large a number as has ever been there?

Mr. ZIMMERMAN. Oh, no, sir. When I was a boy and first went to work in there there were any number of meat merchants, but their stalls are used for vegetables—the whole side, on the Ninth Street side, going down Ninth Street; that has been about 30 years ago. There are only two meat butchers on that side. At that time that whole row down there was meat butchers.

Senator CAPPER. Generally speaking, the retail business is very good?

Mr. ZIMMERMAN. Well, it is fair; nothing like as good as it was a year ago; nowhere near it.

Senator CAPPER. Of course, last year was an exceptional year, on account of a large number of people being here.

Mr. ZIMMERMAN. I would think the demand has fallen off at least 20 per cent.

Senator CAPPER. But the price of meat is running about the same, and the percentage of profit?

Mr. ZIMMERMAN. No; I am not getting as much for meat now as I did last year. I have paid as high as 28 cents. I paid 23 cents last week.

Senator CAPPER. When was that you paid 28 cents?

Mr. ZIMMERMAN. Along about a year ago, in March or April. Of course, that was top cattle. I do not get anything but top cattle; the big, heavy cattle.

Senator CAPPER. You have the best class?

Mr. ZIMMERMAN. The best and the heaviest. I get the heaviest cattle got on the market.

Senator CAPPER. Do you deliver most of it?

Mr. ZIMMERMAN. No, sir; only to lunchrooms, stores, and institutions. I hire that done.

Chairman BALL. You say you paid 23 cents for your meat last week?

Mr. ZIMMERMAN. Yes, sir.

Chairman BALL. From whom did you purchase?

Mr. ZIMMERMAN. From Armour & Co.

Senator CAPPER. Do you get most of your meat from Armour?

Mr. ZIMMERMAN. Oh, no; I buy any place I can get it. There are about 10 good cattle to every 100 that come here at the present time. In the spring, early in the spring, we get a good many good cattle, and along about December and January we get good cattle.

Chairman BALL. Do you find much difference in the prices offered here by these wholesalers?

Mr. ZIMMERMAN. Oh, no; there is no difference. They are pretty near all the same price; they will show you a little favor where you are a regular dealer. That is, sometimes. I do not know that the house does it, but a salesman will show you a little favor where you

buy a good bunch of meat. I buy anywhere from 10 to 15 cattle at a time, and they have done me little favors. There is no material change, though.

Senator CAPPER. Generally speaking, their prices are all about the same?

Mr. ZIMMERMAN. All about the same; yes, sir.

Senator CAPPER. There is really not any competition, as you would speak of competition, in the trade generally?

Mr. ZIMMERMAN. There is a little competition among them. Take me, for instance. I buy those great big heavy cattle. Those cattle are not salable by the majority of dealers. The average person wants a bullock weighing from 550 to 600 pounds. I will get cattle that weigh 800 dressed. These big cattle are right hard to sell. When we break them up I have a little trouble getting rid of the coarse meat. The coarse meat is very fat, and it is hard to sell fat plates or fat briskets.

Senator SHEPPARD. The retailers charge about the same from day to day?

Mr. ZIMMERMAN. Oh, no; it depends entirely on what you buy—

Senator SHEPPARD. For the same quality?

Mr. ZIMMERMAN. I do not know about that. It would be pretty close to it, though. I think for a good class of meat everybody gets about the same prices. In fact, they have got to.

Senator SHEPPARD. What did you get for the meat that you bought last week, that you paid 23 cents a pound for?

Mr. ZIMMERMAN. I do very little retailing. Most of it is all—

Senator SHEPPARD. What did you get?

Mr. ZIMMERMAN. For retail steaks, I got a half a dollar a pound. I cut nothing but sirloin steaks, and sold them from 35 to 50 cents a pound.

Senator SHEPPARD. Retail?

Mr. ZIMMERMAN. Wholesale and retail; the wholesale was 50 cents. I cut some lunchroom steaks without trimming for 35 cents a pound.

Senator SHEPPARD. Do the lunchrooms buy at retail prices?

Mr. ZIMMERMAN. No, sir; at wholesale. I paid 30 cents for a bunch of loins and sold them for 35 cents.

Senator CAPPER. Fifty cents is as high as you have ever gone?

Mr. ZIMMERMAN. Fifty cents is as high as I have gone on sirloin steak—on steak at any time during the war. I do not cater to consumers at all.

Senator SHEPPARD. Our bill of fare here to-day had tenderloin steak at \$1.10.

Mr. ZIMMERMAN. That was a tenderloin. That is a fillet. It is a little round piece that comes out of the lower part of the loin.

Senator SHEPPARD. What would this caterer here at the Capitol pay for it?

Mr. ZIMMERMAN. I would say he paid from 75 to \$1.25 a pound. I would not cut you one out for \$3 a pound.

Senator SHEPPARD. He paid that much to a butcher?

Mr. ZIMMERMAN. Those are cut out of bulls and cows and things like that, that are cut up for sausage meat. They cut the tenderloin out. They may come out of canners.

Senator SHEPPARD. The chances are he did not make anything the \$1.10?

Mr. ZIMMERMAN. He did not make very much if he gave you an order.

Senator SHEPPARD. That is what we are trying to get at.

Mr. ZIMMERMAN. If he gave you any order at all, he did not make much.

Senator DIAL. The round steak you bought at 23 cents and so at 35?

Mr. ZIMMERMAN. I did not say anything about round. I saw straight cattle. Rounds of beef are 30 cents a pound wholesale straight carcass.

Senator DIAL. Twenty-three cents, you say?

Mr. ZIMMERMAN. Yes, sir.

Senator DIAL. You were telling what you sold a round steak and I thought you said you sold a round steak—

Mr. ZIMMERMAN. No, sir; I never cut round steaks.

Senator DIAL. What disposition do you make of the round steaks?

Mr. ZIMMERMAN. I sell them to stores and lunch rooms.

Senator DIAL. That is what I thought. What do you get for it?

Mr. ZIMMERMAN. Thirty cents a pound in the whole.

Senator DIAL. I thought you said 35?

Mr. ZIMMERMAN. No, sir.

Senator SHEPPARD. This man, this caterer here in the Capitol had tenderloin steak on the bill of fare to-day at \$1.10—where did he buy that stuff?

Mr. ZIMMERMAN. I suppose, the National Hotel Supply Co., or Wilson & Rogers—I can not think of the other place down there. Anyway, there are three of them that handle frozen meat. There are very few fresh tenderloins cut out in this town. I bet you right now that if you had to have an order for 100 pounds, you could not get it.

Senator SHEPPARD. That is really the most expensive class of meat.

Mr. ZIMMERMAN. That is about the highest priced and about the commonest in the bunch, because it has no flavor in the world. It is just as dry as a chip, but very tender. You can take a 60-pound loin, and in that 60-pound loin, if it had a good chine on it, you might get about 5 pounds of fillet out of it.

Senator SHEPPARD. That is what you mean by tenderloin?

Mr. ZIMMERMAN. Yes, sir. If it had one of those little, narrow backbones, you could get from three to three and a half pounds out of it.

Senator SHEPPARD. That is all there is in the whole carcass?

Mr. ZIMMERMAN. Yes, sir. You take one of those good loins of beef, and I suppose its suet and the flanks will weigh from 20 to 25 pounds in those good cattle. I cut three cattle, knowing I was coming up here, and just kept an account of it, last Saturday. I had about 110 pounds of bone and got about half a cent a pound for it—I had 147½ pounds of fat out of three cattle and one extra loin. These cattle of mine have got more waste in them than the average cattle, because they are the big, heavy cattle, which carry more waste. In that way it weighs right smart. One hundred pounds of bones cost me \$23, and I got 50 cents for those. I do not know really what I am getting for the fat. I could not answer. Last month I got 7½ cents.

Senator SHEPPARD. What do you call the general divisions of the carcass where this tenderloin comes from?

Mr. ZIMMERMAN. Out of the loin. There is only a space of about that much [indicating] in the loin that will cut a fillet of beef.

Senator SHEPPARD. Suppose you bought that whole loin; what would you get that for?

Mr. ZIMMERMAN. You can buy loins of beef from 28 to 36 cents.

Senator SHEPPARD. In that loin you have this small part that is expensive?

Mr. ZIMMERMAN. Yes. That comes out right underneath the kidney fat. If any of you gentlemen come through the market, I will be very glad to show you.

Senator SHEPPARD. If this man bought a whole loin, he got that meat at a very much smaller price than \$1.10.

Mr. ZIMMERMAN. You are not counting his waste. Can he use all that waste? That is all in the butt of the sirloin that weighs in the neighborhood of—

Senator SHEPPARD. I think he has hash every two or three days.

Mr. ZIMMERMAN. He can render his fat and use that for frying purposes.

Senator CAPPER. What price would you put on your business there if a buyer were to come along and make a deal with you?

Mr. ZIMMERMAN. To buy the business?

Senator CAPPER. Yes.

Mr. ZIMMERMAN. I could not sell, sir. We are not allowed to sell. The market company has a restriction on that. We are not even allowed to transfer our stands. They would not allow us to transfer a stand from one person to another. I could not transfer it to you. It has got to go back to the market company, and then they transfer it to whom they please. It would not make any difference if I had a business worth \$15,000 or \$20,000; I could not do a thing with it.

Senator SHEPPARD. This steak you call sirloin—what proportion of that is in the loin as compared with the tenderloin?

Mr. ZIMMERMAN. That sirloin butt would give you about 35 pounds.

Senator SHEPPARD. And the other only 5 or 6?

Mr. ZIMMERMAN. The tenderloin would only be from 3½ to 6 pounds. It takes an extra fine loin of beef to cut 6 pounds.

Senator SHEPPARD. What do you call the rest of it?

Mr. ZIMMERMAN. The porterhouse end. From the hip bone back is the porterhouse end.

Senator SHEPPARD. Those are the three divisions of the loin—porterhouse, tenderloin, and sirloin?

Mr. ZIMMERMAN. The flank steak comes out of there. They retail for about 40 cents. They come out of the flank.

Senator SHEPPARD. Is that used much?

Mr. ZIMMERMAN. Oh, yes. There is a demand for them, but people are really cultivating a taste for them. It has a rather flat taste, but some people are very fond of it. It has a flat taste, but is very juicy.

Senator DIAL. Does the demand vary in different seasons of the year?

Mr. ZIMMERMAN. Oh, yes. Now is my best time.

Senator DIAL. What effect does the fish market have on the sale of beef?

Mr. ZIMMERMAN. I have never given that a thought; I do not know that it has ever come before me where I could notice it.

Senator DIAL. I was thinking about whether or not the different seasons would effect it.

Mr. ZIMMERMAN. When shad first comes on the market it does interfere. People will use shad and all fresh fish. Shad, perch, and herring are more in demand than beef. I notice it very much in my lunch-room trade.

DISTRICT OF COLUMBIA, ss:

Personally appeared before me on August 18, 1919, G. W. Zimmerman, of Washington, D. C., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the district of Columbia in the city of Washington on August 12, 1919, having been read by him, is true to the best of his knowledge and belief.

[SEAL.]

JOHN J. MCGRAIN.

Notary Public.

STATEMENT OF MR. NORMAN EDWARD BROOKE.

Senator CAPPER. Give us your name.

Mr. BROOKE. Norman E. Brooke.

Senator CAPPER. Where is your place of business?

Mr. BROOKE. Center Market.

Senator CAPPER. How long have you been in business?

Mr. BROOKE. I have had possession of the business about two years. My father turned it over to me, as he is old, and gave it up about two years ago.

Senator CAPPER. He had been in business there a good many years?

Mr. BROOKE. My father had been in business about 40 years, I judge.

Senator CAPPER. Last year was the best year?

Mr. BROOKE. Decidedly the best year, simply due to the fact that we do a jobbing business, and we had considerable business from the cantonments and through commission houses. Houses that supplied those places bought subsidiary things from us, things that they did not carry.

Senator CAPPER. About what was the volume of your business last year, the total?

Mr. BROOKE. It ran about \$120,000.

Senator CAPPER. About how do you figure your profit on that?

Mr. BROOKE. My net profit, I judge, was about \$9,000; my father and myself.

Senator CAPPER. That is, after you paid your taxes?

Mr. BROOKE. After paying taxes and everything. We paid taxes on that. We figured our books on that basis and gave that to the attorney, and he figured on that basis. We gave him the books, and he could run through them and decide for himself.

Senator SHEPARD. Your profit would be that much less?

Mr. BROOKE. When we took our taxes off.

Senator CAPPER. I suppose each dealer, and probably every other business concern here, figures to pass the tax on to the man who buys the goods, the consumer?

Mr. BROOKE. I figure that it is human nature for anybody in business to make all he can, but there is a law that prohibits a man from

making as much as he would like to, and that is competition. In this market where we are, I would say there is a kind of competition, because it is so convenient for people to ascertain what the prices are. They have only got to walk about a half dozen steps from one stand to the other to see whether the other man is selling cheaper than the man they first priced.

Chairman BALL. There is no agreement, is there?

Mr. BROOKE. None whatever.

Chairman BALL. You do not fix any definite prices?

Mr. BROOKE. Never. So far as I am concerned, I do not know of any; I never heard of any.

Senator CAPPER. Do you not think the high cost of living is mainly due to the fact that the packer passes it to the retailer, the retailer passes it on to the Government employee, for instance, and he has nobody else to pass it on to, and that is where the whole trouble comes from?

Mr. BROOKE. I think solely and entirely the high cost of living is because everybody wants something high. Nobody wants anything cheap. It might sound odd, but it is a fact, nevertheless. I mean by that that we have customers come to our stand to buy beef. I suggest something that is economical, but they will not have that. If you ask them to buy a piece of plate, even, they feel insulted. They will buy nothing but porterhouse steak or prime rib roast, or something that is every expensive.

Senator SHEPPARD. Is that really nutritious?

Mr. BROOKE. Of course, it is. It is right at the side. It is the most nutritious piece that a man could get. It is suitable meat for stew or soup and makes nice cold meat. There was a time when the laboring man did not buy anything else, but he has got so much money now that he does not stop at that; he wants something better, something that he can broil or fry. It is an actual fact that I threw away corned beef last month, a lot of it, as much as 500 pounds. I could not sell it. It was not due to any lack of effort in trying to dispose of it. It was just a physical impossibility to get anybody to make me an offer. I will sell it for 5 cents a pound.

Senator SHEPPARD. Where does the corned beef come from?

Mr. BROOKE. It is the plate meat, next to the rib.

Senator SHEPPARD. Do the packers can that?

Mr. BROOKE. They use it in some ways; I do not know how; but when they sell cattle to this town, we have got to dispose of them to the best advantage. I was boning all my plate. I stopped boning the plates when I found I could not sell my corned beef. I could not keep on throwing it away and I could not get anybody to buy it, so I had to find some outlet for it.

Chairman BALL. What price do you ask for corned beef?

Mr. BROOKE. Any price anybody would give. I will sell it for 5 cents. I asked 10 and asked them to make me an offer.

Senator DIAL. How do you treat corned beef?

Mr. BROOKE. Pickle it in salt water; in brine.

Senator DIAL. How long can you preserve it in a good state?

Mr. BROOKE. It depends upon the quality of beef. If it is heavy beef it takes longer than light beef. I can sell the high-priced corn beef, bullion, and round, and roll-chuck beef at 25 to 30 cents a pound.

Mr. BROOKE. The people we deal with do at least, because they are looking around all the time—the storekeepers.

Senator CAPPER. I would like to know why you should be in the game at all. Why should not the men you sell to buy direct from Armour and Swift?

Mr. BROOKE. Because those men right here have bought this meat with the trimmings. They want the meat trimmed. If I can trim it to his advantage, he will take it that way. We retail a little on Saturdays—just odds and ends. We do not deliver. We charge cash and just lay it out and sell it.

Senator SHEPPARD. The packers do not make a practice of doing that?

Mr. BROOKE. They sell wholesale. They sell carcasses of beef. We cut it up into smaller pieces. The average man could not use a carcass of beef. In most instances we will sell that man a piece of carcass cheaper than the wholesale house would, because we have got our business so systematized that we have a better place to do it than the packer has.

There are times in the winter when coarse meat—the forequarter—sells better than it does now. If the coarse meat is dull, it makes the hindquarter or the prime meat higher, and if there is a demand for the other end, it is just turned around. So it is to our advantage to buy the bullock. They want to sell the straight cattle and get rid of them at one time, and not bother with cutting them up.

Chairman BALL. Are there any further questions?

Mr. BROOKE. I would like very much if I could demonstrate this to you gentlemen, if somebody could come down and see it done because we could fool ourselves every day.

Senator CAPPER. You seemed to come out pretty well at the end of the war.

Mr. BROOKE. We worked hard for it and we do a volume of business.

DISTRICT OF COLUMBIA, ss:

Personally appeared before me on August 18, 1919, U. E. Brooke, of Washington, D. C., who under oath stated that the foregoing testimony given by him before the subcommittee on the high cost of living of the Senate Committee on the District of Columbia in the city of Washington on August 12, 1919, having been read by him, is the truth to the best of his knowledge and belief.

[SEAL.]

JOHN J. MCGRAIN,
Notary Public.

Chairman BALL. This will close the hearing for to-day, to be continued at 2 o'clock to-morrow.

(Whereupon, at 4.05 o'clock p. m., the committee adjourned until to-morrow, Wednesday, Aug. 13, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

WEDNESDAY, AUGUST 13, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE
ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met pursuant to adjournment at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Present, also: Senator Charles E. Townsend, Mr. Thomas W. Miller, Mr. C. R. Porter, chief counsel Federal Trade Commission, and Mr. S. W. Tator, of the reclassification commission.

Chairman BALL. The subcommittee will come to order.

Continuing the hearing, we will first call on Mr. Frank Kidwell.

Mr. Kidwell, we have decided that we will swear all of our witnesses, the retailers as well as the wholesalers, and we will have the testimony that has already been given also sworn to.

FRANK KIDWELL was thereupon duly sworn by Chairman Ball and testified as follows:

Mr. MILLER. Please state your full name.

Mr. KIDWELL. Frank Kidwell.

Mr. MILLER. And your place of business?

Mr. KIDWELL. I have three stores and two market stands.

Mr. MILLER. What are the locations of those places?

Mr. KIDWELL. One is on Nichols Avenue SE., 1920; another is in the Eastern Market, Seventh and C SE.; Twelfth and H NE.; 3272 M Street, and 1341 Wisconsin Avenue.

Mr. MILLER. What do you deal in, Mr. Kidwell?

Mr. KIDWELL. I deal in meats, vegetables, butter, eggs, and poultry.

Mr. MILLER. All classes of vegetables?

Mr. KIDWELL. Sometimes.

Mr. MILLER. Are you in the retail or wholesale business?

Mr. KIDWELL. Strictly retail.

Mr. MILLER. Are there any other food products, canned or otherwise, in addition to what you have just named, that you deal in?

Mr. KIDWELL. If I can buy a snap I occasionally deal in canned goods; yes, sir. I am not a canned goods merchant at all.

Mr. MILLER. Do you own your own place of business?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. Have you always owned it?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. During the past year how many employees have you employed on an average?

Mr. KIDWELL. I have opened two stores in the last few months. Prior to that I had about 12. I have only been in business a short time.

Mr. MILLER. How long have you been in business?

Mr. KIDWELL. Two years.

Mr. MILLER. Let us have an idea as to your range of wages, the lowest and the highest wages you pay.

Mr. KIDWELL. We pay from \$15 a week to \$50 a week.

Mr. MILLER. What is your average wage?

Mr. KIDWELL. The average wage, I guess, is from \$30 to \$35.

Mr. MILLER. The total amount of wages, per week, in your establishment, the average, that is?

Mr. KIDWELL. The total.

Mr. MILLER. What is your total expenditure for wages?

Mr. KADWELL. You mean, in dollars and cents?

Mr. MILLER. Yes.

Mr. KIDWELL. I guess it is about \$550 or \$500.

Mr. MILLER. Have you increased your wages in the past year?

Mr. KIDWELL. Oh, yes.

Mr. MILLER. For all classes of employees?

Mr. KIDWELL. Yes, sir; we have had to. We have increased them about, I guess, $2\frac{1}{2}$ or 3 per cent—not 3 per cent; 50 per cent—about a 50 per cent increase.

Mr. MILLER. Then within the past year we might assume from your statement that while your weekly total wage is about \$550 you paid considerably less than that at this time last year?

Mr. KIDWELL. Oh, sure; yes, sir.

Mr. MILLER. Employing the same number of people?

Mr. KIDWELL. We did not have that many; we had hardly anybody a year ago.

Mr. MILLER. Then the increase is due to the increased number of establishments?

Mr. KIDWELL. Oh, sure.

Mr. MILLER. I mean, have you been paying the relative class of labor more this year than you did last year?

Mr. KIDWELL. Absolutely. It has increased 50 per cent more.

Mr. MILLER. What kind of a delivery service do you have?

Mr. KIDWELL. I do not have any.

Mr. MILLER. All the customers come there and get their products and take them away?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. No delivery whatever?

Mr. KIDWELL. No, sir.

Mr. MILLER. Do you do a credit business?

Mr. KIDWELL. No, sir.

Mr. MILLER. Strictly cash?

Mr. KIDWELL. Strictly cash.

Mr. MILLER. Senator Townsend wants this question asked you over again: Do we understand that to the same man that you pay a certain wage to-day you paid half that wage at this time a year ago?

Mr. KIDWELL. No, sir. I said an increase of 50 per cent.

Mr. MILLER. Does that answer your question, Senator?

Senator TOWNSEND. I was curious to know whether he understood it, because there was a conflict a little while ago. I mean as to whether you were paying your individual help, the same individual, 50 per cent more this year than you paid last year.

Mr. KIDWELL. Yes, sir. If he was getting \$20 last year he is getting \$30 this year. That is an increase of 50 per cent of his last year's salary.

Mr. MILLER. Is your company incorporated?

Mr. KIDWELL. No, sir.

Mr. MILLER. How much capital have you invested?

Mr. KIDWELL. About \$10,000.

Mr. MILLER. From whom do you purchase your meats?

Mr. KIDWELL. I have not any particular people—everybody that sells meat.

Mr. MILLER. Is it true that you do some slaughtering yourself?

Mr. KIDWELL. Where did you get that information? I do not do any slaughtering.

Mr. MILLER. I am asking you the question.

Mr. KIDWELL. You said, "Is it true?"

Mr. MILLER. From whom do you get other products than meat products?

Mr. KIDWELL. Anybody that sells them to me, if I can bargain with the price.

Mr. MILLER. Then you buy from Armour & Co. and Wilson & Co.?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. Morris, Swift?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. And Cudahy?

Mr. KIDWELL. Yes, sir. Also Keane and Loeffler, Arnold, and Baltimore packers.

Chairman BALL. Are their prices all about the same?

Mr. KIDWELL. No, sir. If they were all the same I would only have to buy from one man, and save all that time.

Mr. MILLER. Will you tell the committee what prices you paid, for instance, for your beef wholesale last week?

Mr. KIDWELL. We bought some beef at $12\frac{1}{2}$ cents a pound.

Mr. MILLER. Twelve and a half cents?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. From whom did you purchase that?

Mr. KIDWELL. I bought some from Baltimore, bought some in Washington—

Mr. MILLER. You bought carcass beef at $12\frac{1}{2}$ cents a pound?

Mr. KIDWELL. Yes, sir.

Chairman BALL. From whom did you say you bought this meat?

Mr. KIDWELL. We bought it from a Baltimore packer.

Chairman BALL. One of the packers?

Senator SHEPPARD. Baltimore packers.

Chairman BALL. I am trying to find out whom he purchased it from.

Mr. MILLER. Give us the name of the party from whom you purchased it.

Mr. KIDWELL. We bought some $12\frac{1}{2}$ -cent beef from Morris last week.

Mr. MILLER. From Morris?

Mr. KIDWELL. Yes, sir.

Chairman BALL. That is what I wanted to know.

Mr. MILLER. Have you bought meat that cheaply over a period of the last six months?

Mr. KIDWELL. Oh, yes.

Mr. MILLER. Can you give us the highest price you have paid for your beef per pound from any of your wholesale dealers within the past six months?

Mr. KIDWELL. I guess 16 or 17 cents.

Mr. MILLER. Then 17 cents is the very highest that you have paid!

Mr. KIDWELL. I think so.

Mr. MILLER. That is the very highest that you can recall at the present time having paid wholesale per pound for your carcass beef?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. You answered "yes" to that?

Mr. KIDWELL. Yes, sir.

Chairman BALL. What change has there been in the price in the last six months, wholesale?

Mr. KIDWELL. We buy stuff—there has not been a great deal of variation in the last six months. Sometimes the market is loaded and I can buy cheap, and sometimes it is scarce and it stiffens up.

Chairman BALL. But is not the average price 2 or 3 cents less than it was this time last year?

Mr. KIDWELL. I have not had any kicks about prices. The price has been all right. I have always been able to get goods at a fair price from the packers.

Mr. MILLER. When you buy your beef, do you buy a whole carcass or parts of a carcass?

Mr. KIDWELL. I usually buy anywhere from 5 to 25 carcasses. I buy anything that I can buy. That is the way I buy. It does not make any difference what it is.

Chairman BALL. When you quote this price of 12½ cents, you mean that was for a hind quarter or a fore quarter or the full—

Mr. KIDWELL. Hind quarter and fore quarter.

Chairman BALL. The full half beef?

Mr. KIDWELL. Full whole beef.

Chairman BALL. Including the best cuts as well as the cheaper cuts?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. You said you consider 12½ cents a fair price, and that you paid that amount the past week?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. How did you determine that that was a fair price?

Mr. KIDWELL. It was worth what I paid for it. That is why I consider it a fair price.

Chairman BALL. That is all you were asked for it?

Mr. KIDWELL. Oh, no; that is as low as I could buy it for.

Chairman BALL. What would you get for the best cuts out of that beef?

Mr. KIDWELL. Twenty-five cents a pound or 30 cents a pound. I guess last week it was 25 cents.

Chairman BALL. Twenty-five cents for steak?

Mr. KIDWELL. Yes, sir.

Chairman BALL. What did you get for the cheaper cuts?

Mr. KIDWELL. About 10 cents a pound.

Chairman BALL. You retail here in Washington?

Mr. KIDWELL. I had an ad. in the Herald, a quarter of a page, to that effect last week.

Mr. MILLER. Do you gauge your opinion as to the fairness of the price on what you get from the consumer ultimately for your beef?

Mr. KIDWELL. Oh, yes. If I did not, I would have to get more.

Mr. MILLER. You deal in sugar, do you?

Mr. KIDWELL. No, sir.

Mr. MILLER. Flour?

Mr. KIDWELL. I am not in the grocery business.

Mr. MILLER. Rice, dried beans, and coffee?

Mr. KIDWELL. That is groceries; no groceries, sir.

Mr. MILLER. No canned vegetables?

Mr. KIDWELL. Once in a while if I can buy them cheap enough to sell cheaper than anybody else, I will buy them. Otherwise, I do not handle them.

Mr. MILLER. When you buy a straight carcass of beef, how do you determine your percentage of profit on that carcass?

Mr. KIDWELL. That is determined through a test.

Mr. MILLER. What do you mean by a test?

Mr. KIDWELL. That is the percentage of each quarter, hind quarter and fore quarter as it should be cut up—not as it would be cut up, but as it should be cut up, so many pounds of each kind.

Mr. MILLER. What is the total waste that you have left over from a carcass of beef?

Mr. KIDWELL. I guess there is a waste in the carcass of beef of about 10 pounds to a hundred.

Mr. MILLER. In other words, 10 per cent of the beef that you buy from the wholesaler is waste product to you?

Mr. KIDWELL. I guess about that.

Chairman BALL. That is not entirely waste. You sell that waste for something, do you not, the trimmings of your cuts?

Mr. KIDWELL. Excuse me, I do not understand you.

Mr. MILLER. The Senator wants to know whether you sell your bones—

Mr. KIDWELL. We sell bones and get a cent a pound for them.

Mr. MILLER. And suet?

Mr. KIDWELL. I try not to have any of that left.

Chairman BALL. Answer me this: Do you trim your steaks before you weigh them, or afterwards?

Mr. KIDWELL. I do not trim them at all.

Chairman BALL. You do not trim them at all?

Mr. KIDWELL. No, sir.

Mr. MILLER. When you buy a carcass of beef, just give the committee the names of the principal cuts into which you cut that carcass.

Mr. KIDWELL. The hindquarter we cut into steaks, round, sirloin, porterhouse, and bouillons for roasts, the upper part of the round for roast. The flank is rolled and sold for soup meat or put through a machine for hamburg.

Mr. MILLER. If you do not trim it, how do you account for 50 pounds of waste in a 500-pound carcass?

Mr. KIDWELL. The shin bones, you know, out of the foreleg, and the hind leg, the chine bones—not the chine bones, but other little bones in the ends of the bouillons—waste bones, amount to about 10 pounds to the hundred. The shoulder blade out of the chuck, the bone out of the neck, and the bone out of the foreleg, and the bone out of the hind leg.

Mr. MILLER. What was your total business last year?

Mr. KIDWELL. Last year I had two stores and I ran about \$200,000. I guess.

Mr. MILLER. You did a business of \$200,000?

Mr. KIDWELL. Yes, sir. I am doing lots more than that now.

Mr. MILLER. That was in your two stores that you ran at that time?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. How much did it cost you to operate, roughly speaking, those two stores? Do not confuse that with the other stores that you may be now running?

Mr. KIDWELL. It cost me about, I guess, 11 or 12 per cent to operate.

Mr. MILLER. What, roughly speaking, were your net profits out of that business?

Mr. KIDWELL. The net profit was about $1\frac{1}{2}$ per cent.

Mr. MILLER. Of what?

Mr. KIDWELL. Of sales.

Chairman BALL. You do a cash business; therefore there is no loss on that?

Mr. KIDWELL. No, sir. I try to make gross 15 per cent. Sometimes I get a little more, but mostly a little less.

Chairman BALL. How do you fix your selling price? Have you any percentage that you add over the cost price? You do not let the market control your selling price, because you sell under the usual market. Therefore, you must fix some other method.

Mr. KIDWELL. I do not care anything about the market price at all. My purchase price fixes my selling price.

Chairman BALL. That is what I wanted to know.

Mr. KIDWELL. Yes, sir; absolutely.

Mr. MILLER. When you sell to a consumer or a purchaser, do you trim your steaks and meats before you weigh them or after you weigh them?

Mr. KIDWELL. I have answered that. I do not trim them at all. Of course, if a customer wants them trimmed we will trim them at their expense.

Chairman BALL. You weigh first?

Mr. KIDWELL. Absolutely.

Chairman BALL. That is the point we wanted to bring out.

Mr. MILLER. After you have weighed it, for instance, and he wants it trimmed, of course whatever waste there is goes to your benefit?

Mr. KIDWELL. Whose benefit? My benefit?

Mr. MILLER. Yes.

Mr. KIDWELL. We give it to him. It goes right in the package.

Mr. MILLER. It is no good whatever to the consumer?

Mr. KIDWELL. That is for the consumer to determine.

Mr. MILLER. Do you have much waste that consumers turn back to you?

Mr. KIDWELL. We do not trim 1 steak in 20.

Mr. MILLER. Then you do not have very much waste to dispose of, do you?

Mr. KIDWELL. Not much, no sir. I try not to have any.

Chairman BALL. Except the bone?

Mr. KIDWELL. Sure. We have the bones all right.

Chairman BALL. You realize something on your bone, of course—about one-half a cent?

Mr. KIDWELL. About 1 cent a pound. That is just what we get.

Chairman BALL. You think there are 50 pounds of waste in a side of beef or a whole carcass, of bone alone?

Mr. KIDWELL. I think there is about that. A 500-pound bullock is about 30 pounds bone.

Chairman BALL. That is a guess on your part?

Mr. KIDWELL. No, sir; it is not a guess.

Chairman BALL. I ask that because the testimony before was that the waste was not much more than that—I think, about 60 pounds. I fix it at about 50 pounds without any waste in trimming what—the waste being only from the bones.

Mr. KIDWELL. Yes, sir.

Mr. MILLER. Do you find that people in Washington want a better grade of meat than you understand they require in other cities? Are you familiar with that?

Mr. KIDWELL. No, sir; I do not know anything about that.

Mr. MILLER. You do not know whether the packers are shipping a better grade of meat into Washington than they are shipping to Baltimore or Richmond?

Mr. KIDWELL. No, sir; I would not suppose they were.

Mr. MILLER. Do you have call for any grain-fed steers, for instance?

Mr. KIDWELL. Sure: we have lots of people that come in and want a good steak for 30 cents. We have occasionally people that want steaks trimmed up nice for 30 cents or a quarter. I tell them, there is no steak and the price is a quarter; and that is all.

Mr. MILLER. What is the cheapest part of the carcass that can be sold to-day?

Mr. KIDWELL. The cheapest part?

Mr. MILLER. The cheapest cuts?

Mr. KIDWELL. What do you mean—the carcass or just the cuts?

Mr. MILLER. The cheapest cuts of meat.

Mr. KIDWELL. I guess I sell the cheapest for 25 or 30 cents a pound.

Mr. MILLER. I say, what are the cheapest cuts of a carcass that can be bought to-day?

Mr. KIDWELL. Oh, the plate, I guess—if I understand you rightly.

Mr. MILLER. Is it true that round steaks have gone up in price considerably since people were educated more or less to ask for round steaks and the cheaper cuts of meat?

Mr. KIDWELL. I guess they have. When meat was cheap people in Washington used more sirloin and porterhouse steak, but as meat has gone up it goes along about together, at about the same price.

Mr. MILLER. The demand for round steaks as a cheap cut of meat has caused the price of round steaks to go as high as the more expensive cuts then?

Mr. KIDWELL. We sell them all the same. Sometimes we will run out of one, sometimes another. Maybe one section will sell ahead of the round steaks and another section will sell ahead on sirloin steaks.

Chairman BALL. I see in your newspaper advertisement that you ask 27 cents for all three.

Mr. KIDWELL. We will sell all at one price. We very seldom make a distinction. We sell out of one, and that ends it, and then we sell the other as long as we have got it.

Chairman BALL. What part of the carcass can you sell for the highest prices? You charge the same for all. What percentage of the carcass would that include?

Mr. KIDWELL. What percentage of the carcass? You mean for steaks?

Chairman BALL. Yes.

Mr. KIDWELL. I do not know exactly.

Chairman BALL. You would not be able to give that?

Mr. KIDWELL. No, sir.

Chairman BALL. You must figure that when you figure the selling price, because you fix your selling price from your buying price.

Mr. KIDWELL. I have a little chart I refer to for that.

Chairman BALL. You refer to the chart?

Mr. KIDWELL. Yes, sir; tests.

Mr. MILLER. One other question now, Mr. Kidwell: You say that you paid 12 cents, on the average, for your meats, and you got—

Mr. KIDWELL. I did not say on the average. I say that last week I think I paid 12 to 12½ cents.

Mr. MILLER. You got 25 cents as an average for your meat, from the consumer?

Mr. KIDWELL. Yes, sir.

Mr. MILLER. If your business costs you 12 per cent there is a very wide profit in there—

Mr. KIDWELL. Oh, no, no.

Mr. MILLER. Just let me finish the question. This is not an argument. You are here just to answer our questions. Twelve per cent of 12 cents, say, would bring the cost of it up to, at the utmost, 14 cents—on the average. You are getting 25 cents from the consumer, on the average. How do you account for that difference of 11 cents?

Mr. KIDWELL. You asked me what I got for steaks. You asked me the difference between the forequarter and the hindquarter. I told you I sold lots of it for 10 cents. If it was all steaks we would not have any trouble in selling it cheap.

Chairman BALL. The only way you can figure that is by giving me the percentage that you sell as steaks and the percentage that you sell for a cheaper price.

Mr. KIDWELL. I can not give you that. I sell it so it will return about 25 per cent profit, gross. That is, the beef. The beef is the largest per cent in the business.

Mr. MILLER. If it costs you 25 per cent, it would bring it up to 15 cents, then, per pound that you average on meat. You said a few minutes ago that you got 25 cents, on the average—

Mr. KIDWELL. No; you said that; I didn't say it. I beg your pardon.

Mr. MILLER. That is the way I understood it.

Mr. KIDWELL. You did not understand me, then. There is the paper right there [indicating]. The ad. tells you plate beef, 10 cents a pound. That is all out of the carcass, you know.

Chairman BALL. You sell hams do you not?

Mr. KIDWELL. Yes, sir.

Chairman BALL. What are you getting for your best hams?

Mr. KIDWELL. We sell smoked hams, good quality, at 39 cents a pound.

Chairman BALL. Twenty-nine?

Mr. KIDWELL. Thirty-nine.

Chairman BALL. What are you paying for hams now?

Mr. KIDWELL. Thirty-five cents. Pork products return an average of 10 per cent; no more than that.

Chairman BALL. Do you sell other produce—vegetables?

Mr. KIDWELL. Yes, sir.

Chairman BALL. What are you charging for potatoes now?

Mr. KIDWELL. Sixty-five cents a peck.

Chairman BALL. How many baskets are there in a bushel? This basket business in different cities is rather confusing.

Mr. KIDWELL. There are 10 or 11 pecks in a barrel—about 10 pecks.

Chairman BALL. How much a barrel?

Mr. KIDWELL. They cost \$6 a barrel. That is the cost on them.

Chairman BALL. What is the wholesale price of potatoes?

Mr. KIDWELL. \$6 a barrel. That is what they cost.

Senator CAPPER. Is there any sort of association of retail dealers here, Mr. Kidwell?

Mr. KIDWELL. I believe there is.

Senator CAPPER. You do not belong to it?

Mr. KIDWELL. I do not belong to it, and I can not tell you with any real knowledge, but it seems to me there is a retail association here.

Senator CAPPER. You do not discuss prices with any other dealers here?

Mr. KIDWELL. No, sir. I buy my goods as cheaply as I can and sell them as cheaply as I can. The cheaper I sell them the better I feel.

Senator CAPPER. I believe you said your business last year was about \$200,000?

Mr. KIDWELL. Yes, sir.

Senator CAPPER. And that you made about 1½ per cent net?

Mr. KIDWELL. Yes, sir.

Senator CAPPER. Do you count in your own time, your own services?

Mr. KIDWELL. No, sir.

Senator CAPPER. One and a half per cent on \$200,000 would be about \$3,000. Do you mean that \$3,000 is what you made out of last year's business?

Mr. KIDWELL. Yes, sir.

Senator CAPPER. That would be the only return you had for your time and for your capital invested?

Mr. KIDWELL. Yes, sir.

Senator CAPPER. That is running on a pretty close margin.

Mr. KIDWELL. Last year was a pretty small business, too.

Senator CAPPER. Is it better this year?

Mr. KIDWELL. It is lots better this year, a lot bigger business than last year, lots bigger business right now.

Senator CAPPER. Is that so?

Mr. KIDWELL. Oh, yes; lots bigger.

Senator CAPPER. What do you think your business will run this year? What would be your estimate on that?

Mr. KIDWELL. This fall we ought to go \$10,000 or \$12,000 a week. It is \$8,000 a week right now.

Senator CAPPER. Will your percentage of profits be about the same?

Mr. KIDWELL. Just the same; yes, sir. The only way I can make any money is to get a big turnover. If I get a big turnover I can make a little money. If I do not, I am "busted."

Senator CAPPER. What is the highest price you charged for beef at any time in the last six months?

Mr. KIDWELL. I have never been over 30 cents; I do not think I have. If I have, it has been very little. It may have been 35 on two or three occasions that were unusual.

Senator DIAL. Why do not people buy more of the cheaper cuts?

Mr. KIDWELL. I think they are doing pretty good. They are buying all right from me. They buy cheaper cuts. We sell straight beef, as a rule. At this time of year we have to sell the cheaper cuts much cheaper than in more seasonable times. That is, you take the plate beef and the stew meats; they sell worse now than they would if the weather was cool. Of course, they have to be cheap enough to sell.

Senator CAPPER. You have bought of all the five big packers here, you say?

Mr. KIDWELL. I buy from all of them; yes, sir.

Senator CAPPER. Does there seem to be any real competition after your trade? Do you make any particular effort to get your trade with those five packers?

Mr. KIDWELL. Oh, yes, sir.

Senator CAPPER. Do they at any time suggest that one dealer can undersell another?

Mr. KIDWELL. Every day they do that.

Senator DIAL. Did you buy any beef in Washington last week as cheaply as the figures you gave for beef purchased in Baltimore?

Mr. KIDWELL. Last week—12½ cents!

Senator DIAL. Yes.

Mr. KIDWELL. Yes; we bought some beef last week at 12½ cents.

Senator DIAL. From whom did you buy it?

Mr. KIDWELL. Bought some of it from Morris.

Senator DIAL. That is, the whole carcass?

Mr. KIDWELL. Yes, sir.

Chairman BALL. Senator Townsend, have you any questions that you desire to ask?

Senator TOWNSEND. No, sir; I do not think I will interrupt to ask questions during the examination. I am interested in another examination, and I may desire to ask some questions then.

Perhaps the witness has answered this question:

You have intimated several times that you are selling as cheaply as or cheaper than some of your competitors. Is that true?

Mr. KIDWELL. Yes, sir,

Senator TOWNSEND. Is that fact generally known? Do you advertise that fact?

Mr. KIDWELL. No, sir. I advertise the price. I do not have to advertise that I sell cheaper than anybody else.

Senator DIAL. How many meat dealers are there in the city; do you know?

Mr. KIDWELL. No, sir—a lot of them.

Senator SHEPPARD. Generally, what difference is there in the prices made you by the packers when you buy from them?

Mr. KIDWELL. That depends all upon the packers. Sometimes a man may be stuck, you know. He wants to clean up and get himself straightened out a little. Probably he will give me a little concession to get my business. I have to work trying to find somebody that wants to sell something.

Senator SHEPPARD. Do they vary as much as 5 cents a pound for the same grade of meat?

Mr. KIDWELL. I have known them to do that.

Senator SHEPPARD. You have known them to vary that much on the same day?

Mr. KIDWELL. I have been able to buy stuff that much different. I considered it the same; I do not know whether it was the same or not.

Senator SHEPPARD. As a rule, do they vary that much?

Mr. KIDWELL. No, sir; oh, no.

Senator SHEPPARD. As a rule they would not vary over 1 cent, would they?

Mr. KIDWELL. As a rule, something like that. Sometimes they would not have anything to offer you at all. Sometimes they would not have anything that I wanted.

Senator SHEPPARD. As a rule, is not their price about the same?

Mr. KIDWELL. Sometimes it is; sometimes it is not. If it were always the same, I would not have to spend as much time trying to buy as I do.

Senator SHEPPARD. You go around to different ones, do you?

Mr. KIDWELL. That is all I do, sir.

Senator SHEPPARD. Will you give the locations of your places of business now?

Mr. KIDWELL. There are two in Georgetown, one northeast, two southeast.

Senator SHEPPARD. What were the locations of your two places last year?

Mr. KIDWELL. Northeast and Eastern Market.

Senator SHEPPARD. Do you sell any to the hotels?

Mr. KIDWELL. No, sir. I do not deliver anything and do not credit anything. There may be boarding-house people that come in and carry stuff away with them. We do not cater to anybody except those who will come in and buy the goods and take them home, absolutely right at the counter.

Senator SHEPPARD. You do not do any credit business?

Mr. KIDWELL. No, sir.

Mr. MILLER. One more question: Mr. Kidwell, is your beef altogether steers, or do you sell any of what is known as cow beef?

Mr. KIDWELL. I sell all kinds, like everybody else.

Senator CAPPER. You have two stalls, you say, one in the Center Market—

Mr. KIDWELL. I have not any at the Center Market.

STATEMENT OF JOSEPH A. WHITFIELD.

Joseph A. Whitfield was thereupon duly sworn by Chairman Ball, and testified as follows:

Mr. MILLER. Give your full name, please.

Mr. WHITFIELD. J. A. Whitfield.

Mr. MILLER. Name your places of business in Washington.

Mr. WHITFIELD. We have 30 altogether. I can not call them off for you. We run 27 retail places in Washington and a few outside.

Mr. MILLER. The Old Dutch Market is the corporate name of all your stores?

Mr. WHITFIELD. Yes, sir.

Mr. MILLER. What is your capital stock?

Mr. WHITFIELD. The Old Dutch Market is capitalized at a million dollars.

Mr. MILLER. It is incorporated?

Mr. WHITFIELD. Oh, yes.

Mr. MILLER. Here in the District?

Mr. WHITFIELD. No; in Virginia.

Senator CAPPER. What is the stock worth, Mr. Whitfield, or what does it sell for?

Mr. WHITFIELD. There is \$500,000 preferred and \$500,000 common. The par value of each is \$10 a share. The preferred stock is—

Senator CAPPER. Is that your stock that we see quoted on the local market?

Mr. WHITFIELD. Yes, sir.

Senator CAPPER. How long has it been on the market?

Mr. WHITFIELD. The business has been in existence for 11 years, but it has been listed on the market only during the past year.

Senator CAPPER. What is the market price now?

Mr. WHITFIELD. The preferred stock, the asking price is 12 and the bid price $10\frac{1}{2}$ or 11. I think the bid price on the stock exchange is $10\frac{1}{2}$.

Senator CAPPER. What was the price a year ago?

Mr. WHITFIELD. There was then no preferred stock sold for less than \$10 a share. It never sold for less than that.

When I was called upon, if I may state this, by the representative of your committee, I was asked to prepare certain material for you, and if I may I will submit it in writing, and then you can ask questions and I will be very glad to analyze it for you.

Chairman BALL. Proceed.

Mr. WHITFIELD. Responding to your request for information as to the cost for dressing beef at our Frederick plant, I have here for your examination the original documents showing the complete detail on particular lots of beef.

However, I would like to call your attention to the fact that our plant at Frederick is so very small that it does not furnish reliable information for comparison with the larger plants, which operate on a very much more thorough basis than we do.

I have here some dressing tests on cattle, which I will submit. They are our original records, taken right out of our files, and if you want them left with you I will have certified copies submitted and take the originals back later.

The market records of our wholesale market transactions showing just how this beef is sold to our own retail markets—mostly to our own, very nominally to others—I also submit.

We are also asked to furnish margins on beef. Our retail margins are indicated by the test sheets which I submit here. This sheet [indicating] sets forth the retail prices at which we are selling beef in the markets at the present time, and the margin of profit made on the retail end. These prices are obtained in our markets on beef from cattle costing from 20 cents to 21 cents, but for the purpose of this test we are using 20 cents as the basis for figuring.

In order to indicate our grocery margins, both wholesale and retail, we had prepared a list showing the wholesale cost and the retail selling price on 52 principal items of groceries, and I submit that list here showing the gross margin on the entire transaction in the grocery business, also a further one showing a separate report on flour and sugar. They are other principal items in the business.

I submit here the original invoices of three carloads of potatoes, showing the price paid at the producing or shipping point, and the price received here, retail. These also are original documents, and I would like to have them back. You will note that, taking the original cost of the carloads of potatoes and comparing them with the retail price at which those potatoes were sold, that our gross margins for both wholesale and retail divisions of our business were about 15 per cent.

I was also asked to submit information as to the gross as well as net results, cost to operate, and detailed expenses on our retail business for several years back. So I have here a record for 1914, 1915, 1916, 1917, and 1918, with an analysis of the expenses, and showing what each item of expense amounts to, and accounting for the total.

Then we were asked to furnish information as to our sources of supply. They are rather large in number and variety, so I will leave this sheet here which shows not all our sources of supply, but a typical list of sources of supply in each division of the business.

I want to call your attention to a very unfair practice that has grown up in connection with informing the public on the prevailing price of beef, and the serious deception that this amounts to at the present time. When the public is informed through advertisements in the local papers that the average wholesale price of beef in Washington last week was 19 cents or 20 cents per pound, they can not

understand why they should be compelled to pay from 45 cent to 60 cents for steaks.

The truth is that there are several different grades of beef; and every carcass of beef there are many different cuts of different value. The markets that are getting 60 cents a pound for porterhouse steaks are handling high-grade, corn-fed beef. That quality of beef is selling on this market to-day at about 25 cents per pound in the carcass. The hind quarters are selling for 32 cents per pound and the forequarters are selling at 35 cents per pound. In order to demonstrate to the committee the exact cost to a dealer of the sirloin and porterhouse steaks from a fancy carcass of beef we submit the following:

On August 8 we bought from Armour & Co., original invoice \$28.70, with, one loin of beef weighing 82 pounds at 35 cents per pound. In cutting up this loin for sale we made the following three pieces: Eighty-two pounds at 35 cents a pound, \$28.70. We trimmed the loin up. I will submit you separately the tests that I am now speaking of. In order to arrive at the value of the costs of the trimmed loin, starting with the 35-cent price for an untrimmed loin, trimmed off the flank and fat; hamburger steak, made out of trimmings of the loin, sold at 20 cents; kidney, 25 cents; fat, 6 cents; flank steak at 40 cents; bone at 1 cent, and a shrink of 13 ounces resulted in trimming that loin of beef. The flank steak, hamburger, etc., weighed 35 pounds and 2 ounces, and produced \$4.60 at prices indicated. The total weight of that loin was 82 pounds, trimming 35 pounds 2 ounces. The net weight of the prime meat was 46 pounds and 14 ounces. The value of trimmings was \$1.60. The cost of the prime meat was \$24.10 for 46 pounds and 14 ounces and the average cost of trimmed loin was 51½ cents a pound. This is the price that it costs the high-class dealer to trim fancy corn-fed beef.

Chairman BALL. The retail price is 60 to 65?

Mr. WHITFIELD. The retail price, I understand, is around 60 cents a pound.

We sold this loin as follows: Porterhouse steak, at 46 cents; loin steak, at 45 cents; sirloin tip, 48 cents; flank steak, 40 cents; hamburger, 25 cents; kidney, 25 cents; kidney fat, 6 cents; bone three-fourths of a cent a pound. That produced \$25.69. It cost \$28.70, resulting in a net loss of \$3.01.

This was only done for the purpose of a test and especially to get the information of this committee. That is not the kind of beef that ordinarily sell. We sell lighter beef. But there is so much injustice done to the retail trade generally by advertising the average price of beef made up of average kinds of beef sold at those prices that the public can not understand why they should pay the dealer 60 cents for a steak when they are under the impression that it costs him only 20 cents. It was in order to correct that, in the interest of the retail trade in general, that we made this particular test.

From this you will observe that without any labor charge or expense attached to the handling of this meat the trimmed loin actually cost us 51½ cents per pound. In other words, we paid the wholesaler, when buying an untrimmed loin at 35 cents per pound, the equivalent of 51½ cents per pound for the trimmed loin. I want to say right here that while this loin of beef was purchased for

Armour, the same quality of beef was quoted at the same price by Swift, Wilson, and the other packers. I mean, comparatively the same price. Furthermore, it would cost an independent dealer just as much to dress the same kind of beef. There was no overcharging involved in the transaction.

If steaks from this loin were sold at the following prices—porterhouse, 60 cents; sirloin, 55 cents; sirloin tip, 55 cents; flank steak, 50 cents; hamburger, 30 cents; kidney, 30 cents; fat, 6 cents; and the bone, three-fourths of a cent—the amount would average 37.49 cents a pound, or $37\frac{1}{2}$ cents; the cost per hundredweight, \$35, and the profit would be $2\frac{1}{2}$ cents per pound, or $6\frac{1}{2}$ per cent gross profit. That would be the retailer's gross profit on that loin at those prices, although I understand they represent the top prices charged in Washington at retail.

It will be noted that if the dealer sold his sirloin steaks at 55 cents and his porterhouse steak at 60 cents, out of this 35-cent loin of beef he would make a gross profit of $6\frac{1}{2}$ per cent. No retail dealer can do business on any such margin.

The practice above referred to of advertising average wholesale prices amounts to a very serious deception of the public at the present time. The week ending August 9, Swift & Co advertised that their beef averaged 19.65 per hundredweight. During that week they sold straight carcasses of beef at 25 cents per pound, and, no doubt, sold some carcasses at 12 cents per pound. I say 25 cents a pound. I know of no particular transaction at 25 cents a pound, but I know they had beef for which they asked 25 cents, and it was actually worth that, and I will assume they sold it at that. In other words, they had beef of a 25-cent value. Out of the top beef they sold at 25 cents they no doubt sold hind quarters at 32 cents and untrimmed loins at 35 cents.

The general public are not interested in the price the packers get for cheap grades of cows and bulls. They, for the most part, are used in the manufacture of sausage. But they are very greatly interested in the prices at which the packers are selling the retail market their supply of beef. The beef is billed to the branch house according to grade. It would be a very simple matter for the packer to advertise the average price of each grade and so remove from the public the very wrong, and very dangerous, opinion they now hold that the retail meat dealer is making 100 per cent or 200 per cent when, as a matter of fact, he may be making a gross profit of 10 per cent to 30 per cent.

In order to show the different grades and prices of cattle and beef on the markets, I hand you herewith two reports of the Bureau of Markets, dated August 8. This report of the Bureau of Markets covers live stock markets and the dressed beef markets—the live stock markets in the West—Chicago, Kansas City, and Omaha—and there are shown the different grades of beef, live cattle running from bulls and cows and canner stock around 6 cents a pound, up to the best steers, running around 19 cents per pound—

Chairman BALL. What is the date of that?

Mr. WHITFIELD. August 8, this past week. There is a very great difference in the value of different classes of animals. You can buy canner cows for a nickel when a native steer will cost 20 cents. You can buy according to quality of grades in between those two, accord-

ing to their value, but when they are selling cattle for 12 cents they are selling a 12-cent grade, and when they are selling for 15 cents they are selling for a 15-cent grade. So prices are not comparable if you take the beef out of different classes and try to compare the retail price or the wholesale price of the beef itself.

In order to show, furthermore, that there is available on the markets of the eastern cities a very great variety of beef, I have another report of the Bureau of Markets, dated August 8, for the week ending August 8, covering Philadelphia, Boston, New York, and Chicago dressed-beef markets, and it shows that beef was sold at Philadelphia from 14 to 24 cents a pound. In Boston beef was sold 12 to 25 cents. The New York price was 11 cents, low, for cows; 25 cents, top, for steers. Chicago, 11 cents, low, for cows, 25 cents, top, for steers.

This represents the grades of beef on sale in the branch houses of the big packers for those cities. Washington is not in this report. They are reporting only on the major cities; but that furnishes enough of a working basis to indicate to the committee that there is really a very great variety of beef and a very great range in value and quality.

Senator DIAL. There is no reason why we could not have that kind here is we wanted, is there?

Mr. WHITFIELD. It is on sale all the time, Senator, with some slight variation. A car may be shipped out of Chicago with a great variety of beef in it, or there may be one car from Kansas City, St. Louis, or Omaha, one from each of those cities, and each car may be pretty nearly full of one quality of beef, or all four cars may have a variety of qualities in them; but practically every branch house is supplied every week with beef of all qualities to suit all needs.

Senator SHEPPARD. The packers testified that as a rule they send a higher class of meat here than to other cities. Was not that their testimony, Senator Capper?

Senator CAPPER. Yes; they said there was more of the high-grade meat demanded here.

Mr. WHITFIELD. It is a question of proportion, Senator; there may be, for instance, a car containing 30 or 40 cattle, if you please. The requirements of the city to which the car may be going may be for 25 per cent fancy beef. In another section they might average only about 5 top steers to a car. Another section might average 15 to a car. Sometimes it happens that a branch house, getting 6 to 8 cars of beef, be a use of the way the cattle are running, they may be an overabundance of the heavy stuff and too little of the light, cheaper stuff. On the other hand, they may be running the other way. They may be very short on the good stuff and have an overabundance of the lighter stuff. Of course, in order to get just what proportion of the different grade of beef is used in Washington as against that used in Boston, New York, Philadelphia, and other cities, you would have to have the Bureau of Markets make a careful study; but I say from my information and general knowledge of the business in Washington that it does not get quite so large a proportion of native steers as the northern cities, and probably gets more than the southern cities.

Chairman BALL. Nearly all the retailers who testified here state that their customers are insisting on the higher price meats, and that led to a loss on the cheaper cuts here in Washington.

Senator SHEPPARD. The witnesses who testified so far have said that the trade here insists on the higher price meats, and that led to a loss on cheaper cuts, here in Washington.

Mr. WHITFIELD. Well, that also is true, I think, as stated by those who stated it. The meat business is very much like the tailoring business or any other line of business. You can go to a Seventh Street tailor and buy a suit of clothes with a pair of pants thrown in for \$15 or some such price as that; but if you go uptown to a high-priced tailor who makes good clothes and uses good material, it will probably cost you \$100 for a suit of clothes. Washington, of course, has a large official class, and quite a large number of wealthy people in proportion to the total population, and they live in a certain quarter of the city, very much in the northwest, and their requirements are more for porterhouse steak and prime rib roast than they are for chuck steaks and briskets. But I don't think that, taking the city as a whole, a thorough investigation would disclose much difference between Washington and any other city, taking it as a whole, because there are sections in Washington which offset those other sections, that do not get much porterhouse and sirloin, and do not want much. They prefer rather the chuck and round steaks.

As shown in another report of the Bureau of Markets Reviews, the butter market for the week of August 2 to August 9 is given, and I would suggest to the committee that they consider that carefully as showing the strength underlying the butter market. In a report signed by George Livingston, Acting Chief of the Bureau of Markets, he says that outside events have taken a hand in influencing the butter market the past week. That refers to the week of August 2 to August 9 of this year. Last week's review mentioned the fact that Chicago, New York, Boston, and Philadelphia markets each reported being affected by agitation on the high cost of living. This sentiment gained strength over the week end and resulted in a nervous slump in prices on Tuesday of 1 cent to 1½ cents per pound. This break, however, was apparently not warranted by conditions, and the recovery was immediate. The report of the market shows recovery was immediate, and that they disposed of their stocks of butter to such an extent that it strengthened the butter market, and the market reacted immediately from the effect of the agitation.

All the facts that I have given you about the food business in general, and our business in particular, merely serve to show that the present abnormal prices do not necessarily spell great profits to the retailer, nor, for that matter, to the wholesaler or packer. A study of our price index will disclose some foods not controlled by any large interests, have advanced as much, or more than those that are so handled. This price index shows the range of prices on groceries, beef, pork, and dairy products, and vegetables, from December, 1914, to December, 1915, December, 1916, December, 1917, December, 1918, and July, 1919.

Senator CAPPER. That is the wholesale price?

Mr. WHITFIELD. Retail, our regular retail price. You will understand that comparing a December market with a July market is not a fair proposition, because certain things are in season in December and out of season in July, and other things are out of season in December and in season in July. So there is a wobble in the comparison, but it has some information of value in it.

As I said, a study of our price index will disclose some foods not controlled by any large interests have advanced as much, or more, than those that are so handled. My information and my judgment are that basic prices of raw materials at the source have attained such abnormal heights as to make impossible lower prices at retail until such time as, by greatly increased world production, we can get lower prices at the source.

It is no answer to say that the United States has produced and has on hand more food than the prewar normal. The food problem is a world problem and the world at large has less food on hand and produced less in 1918 than the prewar normal. Not only that, but the world stocks and the world production have been far short of the prewar totals during each of the last three years of the war.

The Price Current and Grain Reporter Year Book for 1919, page 43, shows the world's grain production for the years 1913, 1914, 1915, 1916, 1917, and 1918.

You will find by taking the totals of the wheat, corn, oats, rye, and barley, the basic cereals, that in 1913 the average production was about 16,000,000,000, the actual figures being 15,903,000,000; in 1914 the production was about 15,000,000,000 bushels; in 1915—the highest point—16,400,000,000; in 1916 a little less than 13,000,000,000 bushels; in 1917 a little over 12,000,000,000 bushels; in 1918 only 8,500,000,000 bushels. In other words, from 1913 to 1918 the world's production of basic cereals decreased from 16,441,000,000 bushels in 1915 down to about a half-way point, or 8,422,000,000 in 1918.

For the month of June, 1918, our exports of food were \$356,000,000, the highest record for one month in our history. These large exports will probably continue until Europe resumes production on a prewar scale.

To illustrate the price trend I call your attention to page 87 of the same yearbook, showing the July price of hogs at Chicago each year from 1914 to 1918, and adding the 1919 price, which is known to all as a high record. These are the top quotations. In July, 1914, they were 9.30; 1915, 8.15; 1916, 10.25; 1917, 16.30; 1918, 19.40; and for 1919, 23.50. The prices quoted are the top quotations for the best grade of hogs.

The 1919 price is practically three times that of 1915. There probably has been no such increase in the cost of production.

Page 91 of the same yearbook shows the tonnage of pork products exported for the years 1914 to 1918, inclusive, as follows: 1914, 827,000,000; 1915, 1,368,000,000; 1916, 1,451,000,000; 1917, 1,297,000,000; 1918, 2,250,000,000. No doubt the 1919 figures will exceed those for 1918.

Before the war we had gone out of the export beef business, but during the war our exports of beef grew rapidly. The yearbook shows, on page 91, that our total exports of beef, including canned, cured, salt, and fresh, was 36,000,000 pounds of beef of all kinds; for 1914 it was 86,000,000 pounds; for 1915, 375,000,000; for 1916, 272,000,000; for 1917, 349,000,000; and for 1918, 699,996,000, or practically 700,000,000 pounds of beef exported in 1918, as against only 36,000,000 in 1913.

Senator SHEPPARD. What are the figures for this year?

Mr. WHITFIELD. I haven't the figures for this year, Senator. These figures are taken from the yearbook, and I presume the beef exports

would show a slump. The exports of beef broke right off. It was essentially a war proposition.

Senator SHEPPARD. Cattle on the hoof went down between last December and May about \$50 a head, on the average?

Mr. WHITFIELD. I think there is no question about that, though I have not the exact figures.

Senator SHEPPARD. Then why did you have a different experience on the articles that you produced? We got the lower price on the cattle, but the price on the finished article stayed up?

Mr. WHITFIELD. I think if you were able to get at the real facts you would find the price for the finished article has reduced as has the price for the raw material.

Senator SHEPPARD. The retail prices have not gone down since December, have they?

Mr. WHITFIELD. I think they have come down since December, Senator; that is, the retail price of beef.

Senator SHEPPARD. The packers have testified that their prices have been reduced correspondingly.

Mr. WHITFIELD. Yes.

Senator SHEPPARD. And we are asking you why the retail price has not gone down. We asked the packers that question. We asked them why the retail price had not gone down, and they said because the retailer was the last to respond to market conditions.

Mr. WHITFIELD. That is an example, Senator, of the very unfair practices that have been going on for a good many years between producers, packers, and retailers, of "passing the buck."

Senator SHEPPARD. That is the way it looks to me.

Mr. WHITFIELD. It isn't anything else. The packers, not being able to give an intelligent answer, or not wanting to—and I think rather the latter than the former—pretend a virtuous ignorance.

Senator SHEPPARD. That is all on that point. You may proceed.

Mr. WHITFIELD. The money value of beef exports for 1913 was \$265,000, and for 1918 it is \$169,000,000.

I also submit a Chicago Board of Trade brokers' quotation card on pork cuts, green and cured, for August 1 of each year, 1916, 1917, 1918, and 1919. When I say "August 1 of each year," they are not exactly August 1. The cards are dated as they are issued on the first of the week. One of them may be July 28, and another one August 3, but they are about that date. Take one item of skinned hams, and you can make a comparison by yourselves afterwards on the other cuts. Green skinned hams on August 1, 1916, were quoted in Chicago at 14 cents a pound; the next year on August 1 they were quoted at 34 cents a pound; the next year, August 1, 1918, they were quoted at 29 cents; August 1, this year, they are quoted at 36 cents a pound. It is the price of the cuts that are quoted here; green hams, picnic shoulders, and bacon, and they show a corresponding increase year by year, keeping pace with the price of hogs.

These quotations show how the prices on products kept pace with the advancing prices of live hogs.

We should keep in mind that food must be considered from the point of view of a world problem, not from that of a local or national problem.

So far as our domestic meat problem is concerned, it is certain that it would be handled in a way more consistent with the American

ideal of fairness were the railroads to own the refrigerator cars and stockyards, particularly the cars, and required to serve impartially the small and the large packers of the country.

With a proper refrigerator-car service from the railroads, small packers would be able to compete with the large ones for the business of the country. They would not be confined to local zones, as they now are, because of lack of shipping facilities. This one adjustment, in my judgment, would revolutionize the packer business in a few years, and give our large centers of population a competitive service which they now lack and which they very much need.

But to get back to the price question. A second factor, unquestionably making for high prices, is the inflation of the currency of every nation engaged in the war. I am not developing that, I am just commenting on it. Food prices to-day are three times what they were in 1900. (Prof. King, in his book entitled "Wages and Income of the United States," page 180.) Or, stated in another way, the dollar of 1900 will buy 33 cents worth of food to-day. This, of course, can not be blamed on the packers, as it applies to all foods, not to meats alone, and to other merchandise as well. He (King) shows that food prices increased in this country between 1900 and 1914 50 per cent, and they have doubled again since that time, as shown by our price index, so that they now are about three times what they were in 1900.

Another factor, and no doubt the most important one, that will impede a downward trend in food prices, and the cost of living in other directions, is to be found in the very great and growing advances in land values throughout the country. It is reported that farm land advanced in price from \$25 to \$100 per acre in various States during the war. City land has advanced very greatly during the same period. Instances are many where city land has advanced from 25 to 100 per cent and more during the past few years.

I feel it is quite unnecessary to mention this to Senators, and do so only because of its importance in the present crisis of the high cost of living.

Senator Wadsworth recently said that the people must be gotten on land, that that is the only way out.

In 1918 Senator Harding, addressing the Senate, said:

Vast quantities of good farming land near the best markets in the world are not cultivated. In New England there are 30,000,000 acres of unused land that might be growing crops. There are 35,000,000 acres in the Middle States that might be farmed, but which are lying idle. In the Pacific Coast States there are 100,000,000 acres of unused but usable land. In all 500,000,000 acres or thereabouts are lying idle, to say nothing of that which is inadequately farmed.

Mr. O. E. Baker, agriculturist of the Department of Agriculture, said that several years ago he estimated that the arable land in the United States was about 935,000,000 acres. Subtracting from this the improved land as given in the census of 1910, we have left 456,000,000 acres of arable land yet unimproved. Of this amount, about 225,000,000 acres were in the Eastern States; that is, the States from Minnesota to Louisiana, inclusive, and eastward, about 122,000,000 in what might be termed intermediate States; that is, the tier of States from North Dakota to Texas; and about 100,000,000 acres were in the 11 Western States.

One-half of the Nation's resources are idle, economically we are working with one hand, and the job of feeding the world to-day is not a one-hand job. Taxes have been multiplied and applied to everything except the one thing which should be taxed heavily—land values. Tax these 500,000,000 idle acres into use and 50,000,000 Americans will cease to feel the pinch of poverty. Take taxes off of buildings and let the builders build the homes needed to bring down rent. Take the taxes off foods and merchandise of all kinds and make it possible to sell these products at lower prices. Take the taxes off the machinery of agriculture, of commerce, and of industry, and speed up production at lower costs. All of these taxes are added to the cost of the product and passed on to the consumer, who is carrying the whole load.

All these, and other taxes, may be abolished without interfering with the revenues, if a proper tax be placed on the Nation's land values. These property taxes retard production and make the product costly. The land value tax will speed up production and lower the cost.

We can not lower the cost of living by beating tom-toms. We are confronted with a problem in economics and it can not be solved by abuse. With a world crop of cereals of only 50 per cent of normal, we can not have lower prices on wheat or corn, the basic cereals. With live hogs at 23 cents per pound and live cattle at 12 to 18 cents per pound, we can not have cheap meat.

Only a large-scale production and relief from unsound and burdensome taxation will bring the solution of this problem that the people are rightly asking for.

Mr. MILLER. I want to ask you a few questions, Mr. Whitfield. Do you operate your own packing plant at Frederick, Md.?

Mr. WHITFIELD. Yes; we have a little packing plant there.

Mr. MILLER. And you buy your meats from other packing houses?

Mr. WHITFIELD. Somewhat; yes. We produce most of our own beef, but not all of it. We buy some from the branches of the big packers here.

Mr. MILLER. What percentage of your beef is produced at your own plant?

Mr. WHITFIELD. Roughly stated, I should say on the average maybe 75 per cent. Some weeks we may produce all we use and other weeks only 50 per cent, according to the condition of the market here and the condition of the live-stock market.

Mr. MILLER. Do you get this beef you produce in Frederick or is it brought in from afar?

Mr. WHITFIELD. Both. We buy some in Frederick, and when it is not available we ship from the West. We buy certain cattle in Baltimore.

Mr. MILLER. Do you have your own buyers out?

Mr. WHITFIELD. Not through the country. Our manager at Frederick has charge of the buying, and his work is overlooked by the head of our meat department here, who goes to Frederick one day in the week and who goes to Baltimore one day in the week and who is in constant communication by telephone.

Mr. MILLER. Do you truck in here or does it come by railroad?

Mr. WHITFIELD. Both. We ship a little by railroad and a good deal is trucked.

Mr. MILLER. Where do you get your refrigerator cars to ship by railroad?

Mr. WHITFIELD. It was the absence of refrigerator-car service that compelled us to put on this fleet of trucks.

Mr. MILLER. But what you ship by rail, where do you get your refrigerator-car service?

Mr. WHITFIELD. For what we ship by rail we get the cars from the B. & O. Railroad.

Mr. MILLER. Can you give us roughly the average cost that will bring 100 pounds of beef in here?

Mr. WHITFIELD. I should say in Frederick it probably costs on the average—

Mr. MILLER. You don't get my question. What does it cost you! What is your average cost per hundred pounds of the beef you bring in here ready to sell to the consumer?

Mr. WHITFIELD. I can't approach it that way. We can't average beef in that way.

Mr. MILLER. The packers last week gave us some pretty conclusive figures, showing they were able to bring beef in here at a cost of about 19 cents a pound.

Mr. WHITFIELD. That was their average.

Mr. MILLER. You have no figures?

Mr. WHITFIELD. We have the figures, but we consider them just as unfair as it would be to put in John D. Rockefeller's bank balance with yours and mine and average the three.

Mr. MILLER. And you have no figures along that line?

Mr. WHITFIELD. I don't think they would lead us anywhere except to wrong deductions.

Senator SHEPPARD. Give us what you think would be the proper figures along that line.

Mr. WHITFIELD. I can not. It depends upon the proportion of bulls and cows and native steers and heifers. If you have a hundred cattle and there are 25 steers worth 25 cents a pound, and 25 medium steers worth 20 cents a pound, and 25 cows worth 15 cents a pound, and 25 bulls worth 12 cents a pound, you can get one average. If you change that proportion you will get another average. So it does not mean anything.

Chairman BALL. This will mean something, I think. You kill part of your own cattle, and you buy part of them from the packers!

Mr. WHITFIELD. Yes, sir.

Chairman BALL. Considering the same character of meat, do you think you save money on the part you kill yourself? You evidently do, or else you would not kill it at all, in my judgment. Can you produce the same character of meat yourself cheaper than you can buy it from the packers?

Mr. WHITFIELD. The question of service enters very largely into that. Having a large chain of retail markets, which must have a constant supply of reasonably uniform products, it is valuable to us to have that sort of supply. So sometimes our beef costs us a little more to produce it than if we should buy it from the big packers. When the packers' market is favorable, we can buy it much cheaper

from the packers. At other times we can produce it ourselves for much less than the packers are wanting for it. Does that answer your question?

Chairman BALL. Well, no; I should say not. I should think you could answer the question as to whether you can produce this meat cheaper yourself or whether you can buy it cheaper from the packers.

Mr. WHITFIELD. Then I will answer it this way.

Chairman BALL. I mean under ordinary conditions. You have extraordinary conditions, of course, that would not be considered in that question.

Mr. WHITFIELD. Under ordinary conditions, I would say I think we can produce, value considered, our beef for a little less than it costs us from the packers.

Chairman BALL. That is the question I wanted answered.

Mr. WHITFIELD. Yes, sir.

Mr. MILLER. Mr. Whitfield, can you give the committee the full amount of business you did in 1914?

Mr. WHITFIELD. The full amount in 1914?

Mr. MILLER. Before you do that, Senator Dial would like to have you give us an idea as to the percentage of waste there is in a 500-pound carcass.

Mr. WHITFIELD. Here is a test made of a carcass of beef, Senator, that may give you the information: The weight is only 450 pounds, but will do just as well for the purpose of your question. It shows fat—you see, some of the fat is used, some is sold, some is left on the steak—it shows for fat, 0.5 per cent; bones, 9 per cent; shrinkage, 3 per cent. No; fat is a little less than one-half of 1 per cent.

Senator DIAL. Is that where it is trimmed?

Mr. WHITFIELD. That is not trimmed in the sense that you understand it of everything being trimmed right off that steak, neatly trimmed. That beef is moderately trimmed. These bones are made up, as Mr. Kidwell indicated, by the various shin bones and bones out of the chucks, and the like. It shows the bones 9 per cent.

Mr. MILLER. Can you give us the amount of business you did in the year 1915?

Mr. WHITFIELD. I have submitted that in these papers. All the details are there.

Mr. MILLER. Can you recognize them there? I want to ask you a few questions along that line.

Mr. WHITFIELD. I hope these originals I referred to are being kept track of.

Mr. MILLER. They are. That is the reason for having them listed and numbered.

Mr. WHITFIELD. All right.

Mr. MILLER. The total sales in 1915, if you have it there?

Mr. WHITFIELD. In 1915, \$1,335,000.

Mr. MILLER. Have you your total net profits there?

Mr. WHITFIELD. The total net profits that year were \$29,667. That is the profit only on the retail division of the business.

Mr. MILLER. Then, it might have been \$40,000 for 1915, the net profit?

Mr. WHITFIELD. Yes. I haven't the figures right at hand. They are here somewhere, but these sheets are somewhat large, and it takes some matching up to get the figures together.

Mr. MILLER. Can you give us the same information for 1916?

Mr. WHITFIELD. Yes. We had, in 1915, \$1,335,000 and a net profit of \$29,667.

Mr. MILLER. But you say your total net profit would be \$40,000.

Mr. WHITFIELD. No; I wouldn't say that. I will give you the actual figures. They may be more than \$40,000. I might suggest that we really run two businesses. We run a wholesale meat and produce business and a retail chain of stores. In closing up the business at the end of the year, we transfer the profit of the wholesale division into the general report and do not transfer the record of the wholesale sales. I think, for comparison of retail business generally, it might be fair to consider our retail results. I just wanted to call your attention to that.

Mr. MILLER. Can you give us those figures for 1916?

Mr. WHITFIELD. The total sales for 1916 were \$1,673,000 and the profits were \$21,100.

Mr. MILLER. Again we would like to have you estimate the total net profit of your business, all your business?

Mr. WHITFIELD. Let me see if I can't give you that so you can make the totals for yourself right here. I will go back to 1915. You will not mind the odd dollars?

Mr. MILLER. No.

Mr. WHITFIELD. In 1915 the figures were practically \$40,000.

Mr. MILLER. Now give me the 1916 figures again.

Mr. WHITFIELD. In 1916 about the same.

Mr. MILLER. About \$40,000?

Mr. WHITFIELD. Exactly \$48,154.47.

Chairman BALL. Just about the same?

Mr. WHITFIELD. Approximately the same, probably within thousand dollars of the same.

Mr. MILLER. Now, 1917.

Mr. WHITFIELD. Nineteen seventeen. The figures I have here indicate a profit in 1917 of approximately \$110,000.

Mr. MILLER. I want the total sales first.

Mr. WHITFIELD. The total sales in 1917 were two and a half million dollars.

Mr. MILLER. Two and a half million dollars?

Mr. WHITFIELD. Yes; and an indicated profit of \$110,000.

Mr. MILLER. The committee has information showing that in the first eight months of 1917 you made about a million and a half. The total sales were about a million and a half dollars for the first eight months in 1917.

Mr. WHITFIELD. The total sales were a million and a half dollars.

Mr. MILLER. For the first eight months of 1917.

Mr. WHITFIELD. For the first eight months of 1917?

Mr. MILLER. And your net profit on that amount of business for the first eight months of 1917 was approximately \$70,000. The fact you have just given would seem to bear that out. How can you explain the fact that you did a smaller amount of business in those eight months in 1917 than you did in the whole year, for the two

previous years, and made a larger net profit in eight months than you did in the whole year before?

Mr. WHITFIELD. It is perfectly natural, I suppose. Our business is better run. We are a growing organization, and a fairly close-selling organization, and I think in these earlier years we probably were sacrificing too much profit to get business.

Mr. MILLER. You had been doing business for a number of years prior to 1913?

Mr. WHITFIELD. Yes.

Chairman BALL. What is the capital stock?

Mr. MILLER. A million dollars. Then you think that you had devised better business methods in 1917?

Mr. WHITFIELD. No, sir; I wouldn't say that at all. What are your figures there?

Mr. MILLER. The first eight months of 1917 your figures show you did approximately \$1,500,000 business.

Mr. WHITFIELD. And made how much?

Mr. MILLER. And your net profits were about \$70,000.

Mr. WHITFIELD. That is what might be termed a gross net. There is no provision made there for depreciation or for income or excess-profit tax. There is an indicated revenue there of a little over 4½ per cent on the volume of business done, without making any reservation whatever for depreciation or excess-profit tax.

Mr. MILLER. What the committee wanted to bring out was that practically within the last two years the profits of your business might have been proportionately larger than they were in previous years, and we wanted to get the reason for that?

Mr. WHITFIELD. Well, in 1917, the figures will tally up with what you have, and I think you have a very good source of information, I may observe.

Mr. MILLER. It is reported that these figures were in a pamphlet, perhaps issued by your stockholders, and the language was something like this: Owing to the high prices which you were able to obtain for your goods, you are able to show a large profit for your stockholders in these first eight months of 1917.

Mr. WHITFIELD. I would have to look at the letter and refresh my memory in order to get the line of reasoning you are heading for. I might state, as a general proposition, that 1917 is what is known in the market as a "bull" year. Everything was jumping all the while. Whenever you bought anything it was always worth a good deal more before you got it than it cost you, and so there was a substantial margin in goods in that year without any particular effort on the part of the dealers to get margins.

(Detailed information covering these matters was later submitted by witness and will be found at end of testimony, marked "19.")

Chairman BALL. What are your retail prices now, compared with a year ago?

Mr. WHITFIELD. I could not answer that offhand, but I have it in the index here, which will show.

Chairman BALL. The wholesale prices are a little lower. I wanted to get average retail prices.

Mr. WHITFIELD. You have that information there. The retail prices are shown there, in our index.

Chairman BALL. If we have it there, we can figure it out. I will not take the time for it now.

Mr. WHITFIELD. There is one thing I would like to call your attention to which indicates the change in conditions which existed in 1917. Take goods in the grocery line in 1917, for instance—like corn and peas, and tomatoes. The market was advancing and every purchase made a good profit. You could sell them at a low competitive price and still make a good profit. Finally the wholesale market at the markets at the basic points, caught up in full 100 per cent of the war situation, and the prices became normal at the point of production. Last fall the price of tomatoes, wholesale, was \$2.10 a dozen, as I remember. That may be verified by other grocers that are better informed than I am. Tomatoes, size No. 3, sold this year at retail in Washington at \$1.50 a dozen, two cans for a quarter—tomatoes that we paid \$2.10 for, losing the carrying charges for several months and the total cost of doing business and 60 cents a dozen besides.

Now, in 1917, the condition relating to tomatoes was that if you bought them at \$1.25 a dozen, before they were available for sale they would bring \$1.60 or \$1.70. I don't quote the exact figures but merely the trend of the market, to indicate how things were changing. In our grocery list at the present time, we are selling corn at actual cost to us. We are selling it at retail per can at the price it cost us on the cars several months ago. We are selling peas at a loss.

Chairman BALL. Your profits in 1918 were better than they were in 1917?

Mr. WHITFIELD. Our profits in 1918 were about the same as in 1917.

Senator CAPPER. What was the total volume of business in 1918?

Mr. WHITFIELD. The total sales were \$3,300,000, in round figures.

Chairman BALL. Were the sales about the same as they were in 1917?

Mr. WHITFIELD. The sales were three-quarters of a million more in 1918.

Chairman BALL. I am trying to figure out whether the percentage of profit is about the same.

Mr. WHITFIELD. Our percentage of profit in 1918 will figure less than in 1917, I think.

Chairman BALL. But the volume of business was greater?

Mr. WHITFIELD. The volume of business was three-quarters of a million dollars greater. The volume of business in 1917 was, in round numbers, two and a half million dollars; in 1918 the volume of business was about three and a quarter million dollars, showing an increase of three-quarters of a million dollars.

Mr. MILLER. And your net profits for that year were how much?

Mr. WHITFIELD. I think they will measure up within a thousand dollars. I am speaking generally, but I think they will measure up within a thousand dollars of the net profits of 1917.

Mr. MILLER. That would be about \$111,000 in 1918?

Mr. WHITFIELD. Actually \$111,310.

Senator CAPPER. Have you a statement for the first six months of this year?

Mr. WHITFIELD. No; I was not asked to bring that.

Senator DIAL. How do prices compare now generally?

Mr. WHITFIELD. On what product, Senator?

Senator DIAL. Just generally. How do they compare with what were two months ago? Has the trend been up or down?

Mr. WHITFIELD. I think, compared with a few months ago, the trend on grocery items might be called up. There was a very bearing in the market, or was a short time ago, resulting from a large amount of stock lying around and not knowing what was done with it. That was when we were selling tomatoes at a price of \$1 a dozen, and corn and peas. Since then those big stocks have been absorbed, and in the meantime information of the prospective crops and the situation in that respect for this year has been obtained, and conditions are a little more reliable than they were before. The market seems to have steadied. I think the tendency, generally speaking, is up on groceries and down on beef.

Senator CAPPER. Is your capital stock now a million dollars?

Mr. WHITFIELD. The capital stock is now a million dollars, \$500,000 preferred and \$500,000 common.

Senator CAPPER. How much of that has been sold and invested in business?

Mr. WHITFIELD. The preferred stock was all sold at par.

Senator CAPPER. Which was \$10 a share?

Mr. WHITFIELD. \$10 a share. We have increased our company from a \$10,000 company 10 years ago to a million dollar company. In one of the reorganizations we reduced our preferred stock from 10 to 8 per cent. There were then outstanding \$1,000,000. In reducing it to 8 per cent, we issued 25 per cent more stock to the preferred shareholders, giving them enough stock to represent their actual investment in the company of \$500,000. Our preferred stock now represents an actual investment in the company \$500,000. In other words, we never sold any preferred stock at less than par.

Senator CAPPER. And you sold how much preferred stock?

Mr. WHITFIELD. Half a million dollars, except something like \$100,000 absorbed in that transaction.

Senator CAPPER. The common stock is not invested in the business?

Mr. WHITFIELD. The common stock was issued against the profits realized in the business during these reorganizations, and represents really the good will of the business.

Senator DIAL. What dividends has the preferred stock been drawn?

Mr. WHITFIELD. Eight per cent.

Senator DIAL. Are they allowed to participate in the profits?

Mr. WHITFIELD. They are allowed to participate in the profits 8 per cent. When the common goes to 8, the preferred will participate in the profits above 8.

Senator CAPPER. Your net profits were \$111,310 in 1918 on a little more than half a million dollars actual investment, which would represent about 22 per cent on the amount invested, would it not?

Mr. WHITFIELD. From your point of view, that is a fair statement of the proposition, if you don't figure in the surplus account.

Mr. MILLER. Do you own all your stores?

Mr. WHITFIELD. In what way do you mean? We don't own any stores, so far as owning the property is concerned.

Mr. MILLER. You rent?

Mr. WHITFIELD. We lease entirely.

Mr. MILLER. Long terms?

Mr. WHITFIELD. Yes, sir; as long as we can get, in a neighborhood where our judgment is that it would be to our interests to remain there for a long time. Sometimes we can get only a short term.

Mr. MILLER. Have there been any increases in the leases you have had to renew in the past year.

Mr. WHITFIELD. Usually there is a little increase in our leases, because when you are in a place, and your lease expires, you don't want to move, and an increase takes place. I don't think we have had many. Some of our leases have renewal privileges in them at the same price, others have renewal privileges at a slightly advanced price, others have renewal privileges at a price to be arbitrated at the time, and means of arbitration arranged in the lease. So that question, so far as the rental price is concerned, is practically all definitely settled beforehand and to us would be the same, whether local conditions were different or not.

Mr. MILLER. Approximately how many thousand employees have you?

Mr. WHITFIELD. No thousand. We have approximately, at high points, close to 500, and at the low points, around 400 employees.

Mr. MILLER. Have you raised the wages within the past year?

Mr. WHITFIELD. Wages are being adjusted all the while. There is a constant adjustment of wages going on.

Mr. MILLER. Do you have a delivery system?

Mr. WHITFIELD. None whatever.

Mr. MILLER. Do you have a credit system?

Mr. WHITFIELD. No credit system.

Mr. MILLER. Everything is cash?

Mr. WHITFIELD. Everything is cash.

Mr. PORTER. Just so I may understand you, in referring to the price of your dressed beef a moment ago, dressed beef in Chicago and also in New York varied from 11 cents to 25 cents.

Mr. WHITFIELD. Yes, sir.

Mr. PORTER. That is, depending on the quality of the beef.

Mr. WHITFIELD. Exactly.

Mr. PORTER. On the same day and hour, owing to this fact, there would be a difference in the price from 11 to 25 cents?

Mr. WHITFIELD. Yes, sir.

Mr. PORTER. Now, I infer from your testimony along that line that the competition, if any, that there might have been in prices was due rather to the difference in quality rather than the actual competition on the same grade of beef. Is that right?

Mr. WHITFIELD. The competition in what realm? Do you mean between retailers or between wholesalers to sell to the retailers?

Mr. PORTER. Between wholesalers to sell to the retailers.

Mr. WHITFIELD. I think there is a reasonable degree of competition between wholesalers to sell to retailers, and that reasonable degree would be between five or six concerns that practically control the whole situation by means of controlling the means of transportation

and branch house distribution, without any collusion between them in the market.

Mr. PORTER. I assume that the question of collusion is a pure conclusion on your part?

Mr. WHITFIELD. Yes, sir.

Mr. PORTER. So that, as a matter of fact, when representatives of Mr. Swift, Mr. Morris, or Mr. Armour, or any others of what we might call the large packers come to you, he may offer you dressed beef worth \$11, or he may offer you dressed beef worth \$25. That is true, is it not?

Mr. WHITFIELD. That is true, and, answering that—

Mr. PORTER. You have answered my question. If a representative of one of the other packers comes to you, and determining whether or not you would get a different or better price, you had to have in mind whether that man is offering you the same quality of beef as the other man?

Mr. WHITFIELD. All the time.

Mr. PORTER. Now, then, in the city of Washington, in making your purchases, right at the present time, assuming that \$25 is the price of the best beef, generally speaking, is there any difference as to that between Mr. Armour or Mr. Swift or any of the other men from whom you purchase your supplies, that same grade of beef?

Mr. WHITFIELD. We find at times a very considerable difference in the price.

Mr. PORTER. How much do you think it would be on this \$25 worth of beef?

Mr. WHITFIELD. I think 1 cent a pound variation at any time on a similar quality or similar grade of beef would be a very big variation.

Mr. PORTER. So you never expect to see the five large packers—they each have agents here?

Mr. WHITFIELD. Yes, sir.

Mr. PORTER. They are each competing, as you express it, for this business, wholesale and retail, are they not?

Mr. WHITFIELD. Yes, sir.

Mr. PORTER. And you would say that 1 cent a pound would be as much variation as you would expect?

Mr. WHITFIELD. Under normal conditions, Senator, I would say 1 cent a pound is a big variation.

Mr. PORTER. I am not a Senator. I am an attorney for the Federal Trade Commission. I am sitting here by courtesy of the Senators.

Mr. WHITFIELD. I see. I would say that under normal conditions, taking the ordinary market, the ordinary run of the market, with a fair supply of merchandise on the market, not too much and not too little, but a reasonable supply available, that the difference in the ideas of the various agents for the different houses might vary 1 cent a pound on the same grade of beef, according to the judgment of the individual who is handling the selling transaction. When the market is glutted with beef, as sometimes happens through delayed cars getting in, or a glut of live cattle, we sometimes have what we call a "glut" on the market. Then the variation in prices is larger. I presume that the policy of the agent representing each house would respond to the directions he received from his superior, as to

whether or not he should sell the beef for a certain price he might get, or whether or not he should fight hard for a better price, and if need be, carry it over. Sometimes we find that one branch house will try to sell out its meat entirely, and that is apparently in accordance with instructions from headquarters. The policy of another might indicate that he does not care whether he carries it over into the next week, the price being so low during the present week, and by "present week" I mean a hypothetical present week. He may decide to carry it over.

Mr. PORTER. You are a purchaser of cattle?

Mr. WHITFIELD. Yes, sir.

Mr. PORTER. From the different selling agents of these different people?

Mr. WHITFIELD. Yes.

Mr. PORTER. And your experience is that never does it vary more than a cent a pound on the same grade?

Mr. WHITFIELD. I only stated that in a qualified way to indicate the trend.

Mr. PORTER. In normal times?

Mr. WHITFIELD. In a normal market I would call that a very big variation.

Mr. PORTER. What do you call ordinary variation? That is what I want to bring out. You say that a cent a pound is about the limit. What is a normal variation, on the same grade that we have been talking about? I mean in the city of Washington?

Mr. WHITFIELD. That would be a very difficult thing to say. Judging beef as it hangs in the box—that is the way it is bought—the beef hanging in the box, probably 100 cattle ranging from the best to the poorest, and a few cattle in the same lot slightly differing in quality and in value, the quality of the hind quarters, whether there is a large or small percentage of prime beef, all those things make it different. Under those circumstances, as I could appraise a situation the prices might vary a cent a pound.

Mr. PORTER. So that isn't this true, practically, that whatever difference in price there is, the difference you now speak of is the difference in the human mind estimating the beef that is being purchased: that substantially there is no real difference in price, except that occasioned by the answer you have just now given to the committee?

Mr. WHITFIELD. I say as a general proposition in merchandising that is true in all merchandising.

Mr. PORTER. I am asking you now about the price of beef or meat. Isn't that true of the price of meat from these people you have mentioned?

Mr. WHITFIELD. Will you please state your question again, because it is so important that I do not want to be mistaken in the answer. If I realize what you are trying to develop, the thought of whether or not—maybe I should not make that deduction.

Mr. PORTER. I will be plain with you. You have mentioned the fact that under normal conditions, among the different selling agents of meat, you consider 1 cent a pound to be about as large a difference as you will obtain under those conditions?

Mr. WHITFIELD. Yes, sir.

Mr. PORTER. And from that it would seem to taper down, I might say to no difference.

large difference.

a moment ago that 1 cent was the same quality of meat.

what I am asking you about. It does go down to practically no difference. I will say, the difference you find to the committee as occurring between this matter of quality that you find in all these articles, and particularly

a long question to give a short answer to. That a cent a pound probably represents the difference there is in prices on similar or like quality of meat from various wholesale houses. I will say that if there were 10 wholesale houses there would be a greater difference, because they all start from their live-cattle cost, as your quotations will show. They have practically—not exactly, but practically—the same disposing of by-products, and get about the same profit. Consequently, the basic cost of the beef would be the same. And a cent a pound on a carcass of beef costing 20 cents would mean 5 per cent difference. The food business does not show a profit of 5 per cent in any division I am familiar with.

A difference of 5 per cent, under normal conditions, on a similar quantity of meat, in one day, in several boxes, would in my judgment be within the range, and the extreme range, of the difference in judgment between the selling factors as to the actual value of that beef, and their judgment as to the probability of their being able to sell it at much to-morrow or the day after, or having to take less. All that enters into it. Fresh meat must be sold promptly. So if it is the judgment of a seller that the market is going to advance or strengthen, the seller may stiffen in his price. If it is the judgment of another seller that the market is not going to strengthen, possibly his will be a little softer, and we would be able to get a lower price from him than from the other fellow.

Mr. PORTER. How much of that 5 per cent, that you say is the extreme difference in the prices quoted to you, could you attribute to the difference in the judgment of the buyer and seller, in this matter of quality?

Mr. WHITFIELD. I don't know that I could exactly limit that. You understand, I am only expressing an opinion as to the cent a pound.

Mr. PORTER. I know.

Mr. WHITFIELD. It may be a little better rate, it may be at times a little less. The judgment of our buyer may be off on the value of one different lots of beef. When you go into a stockyard to buy cattle you will find them asking 15 cents a pound, and the owner of those cattle may ultimately sell them for 14. There would be the difference between the opinion of the seller to start with and the amount he is forced to accept to wind up with.

... hazard an opinion as to what the normal conditions, in the prices offered

... I could hazard an opinion on the composition.

... in your opinion, genuine competition between packers competing for the trade here

... that it what you are hitting at, and I cannot answer a while ago when I said a small number of the refrigerator cars and control the distribution of the fresh meat here, in a large way, that they are competing. But you have a group of packers in a situation which, under ordinary circumstances, requires competition, but under an abnormal development requires no competition. I could say, in that connection, from my knowledge of the situation, that during the war the packers in Washington, but elsewhere, beef and lambs are sold for a whole lot less than they could get. I have seen where they sold beef for 2 cents a pound less than the

... you mean other places?

... I mean both in this city and in other places.

... investigation will verify that. I don't mean to say the packers. They probably did sell at a profit, at a price at which they succeeded. The conditions were such in 1917 and 1918 that the supply of food in the United States and in the world was short, and the demand for export beef was so great from Europe that the tonnage probably for local consumption was not what it should have been, and the result was that the Government had to allocate its orders, and the packers had to allocate their supply to their different branch houses in the different cities. They were instructed that no more than so-and-so a pound was to be charged for this, and so-and-so a pound for that. I think they could have gotten a substantial rise over that amount. Senator SHERMAN. That profit was limited by law.

Mr. WATKINS. Well, that again—

Senator SHERMAN. That might have been the reason for those

... and others.

Mr. WATKINS. That may have been; that, and other reasons of a diplomatic nature.

Senator SHERMAN. Up to a certain point, they do have control over the situation, through the control of certain facilities of distribution, such as refrigerator cars, and etc.?

Mr. WATKINS. My judgment is, and, of course, it is only worth what my opinion is worth, that the control of the refrigerator cars of the country gives the packers a substantial monopoly of the fresh meat business. That is limited or affected only by the supply available in the local communities, through local conditions, and transportation from nearby points, like Baltimore running over to Washington. But the little packer can not afford to maintain a fleet of refrigerator cars. If he tried, he would go broke. He could not get them repaired by the railroads. He could not get them re-

turned. He would have no means of checking them up. I think he should get better service from the railroads, but under normal conditions he could not get refrigerator cars from the railroads, and so he must pass up all shipping business and confine his business to local zones. And you can go over America and find the little packers flourishing in these zones, so long as they confine themselves to them, but they can not go outside of them.

Mr. PORTER. You spoke of the refuse from the cattle, for instance, bones, being a small percentage.

Mr. WHITFIELD. Yes, sir.

Mr. PORTER. To whom do you sell that refuse?

Mr. WHITFIELD. The bones to a bone man.

Mr. PORTER. Is there a company that has charge of that here in Washington?

Mr. WHITFIELD. There are two and maybe more smaller ones. They collect them at the stores.

Mr. PORTER. Do you know whether or not that is an incorporated company that collects the refuse at the meat markets in the city?

Mr. WHITFIELD. I don't know whether this one is. I am not sure whether the other one is or not. There are two concerns here.

Mr. PORTER. Will you please give the names?

Mr. WHITFIELD. Milton Hoffmeyer, at Tenth and C. I am not certain whether he is incorporated or not; and the Norton Manufacturing Co. Their plant, I think, is at Four Mile Run, but they can be reached in the city over the telephone. Whether they are incorporated or not, I do not know, but that is the name of the company.

Mr. PORTER. Then there are two people who buy all the waste?

Mr. WHITFIELD. Don't understand me as saying that as a definite proposition, because I think there are some small ones, just like drumming up the ice business, anybody can go into it. I should say they handle the substantial bulk of it.

Mr. PORTER. Going back to the other question of the meats coming into the city of Washington, the supply that one seller might have here, all that could be relegated back to the source of supply and arranged as to the amount that comes in here. You appreciate that, of course?

Mr. WHITFIELD. Well, that would be a conclusion also.

Mr. PORTER. Yes, just as the other answer of yours is a conclusion?

Mr. WHITFIELD. Exactly. It would be an opinion, and I would not like to state it as my opinion. Yet, if you state it as yours, I would not argue it. I mean outside of here.

Senator SHEPPARD. Are the wages you pay now higher than they were a year ago?

Mr. WHITFIELD. Yes, Senator, wages have shown a tendency to rise steadily since the war came on.

Senator SHEPPARD. Is it your observation that they have risen in proportion to the increase in retail prices?

Mr. WHITFIELD. My observation is that wages have not risen in proportion to the advance in the cost of living.

Senator SHEPPARD. Do you think a municipal abattoir or slaughterhouse would be an advantage, if scientifically operated?

Mr. WHITFIELD. If such a thing were possible, it would be.

Senator SHEPPARD. What do you mean by that?

Mr. WHITFIELD. I mean it is impossible to have a municipal abattoir scientifically operated.

Senator SHEPPARD. Don't they do it in Germany?

Mr. WHITFIELD. I don't know. I have never been there.

Senator SHEPPARD. And other foreign countries?

Mr. WHITFIELD. They have municipal abattoirs, I presume, growing out of the old system of granting abattoir monopolies to certain royal families, but so far as conducting a business by a community in competition with an intelligently managed private enterprise. I should say it is nothing but suicide for anybody to put money into such a proposition. So far as the community itself doing it with the taxpayers' funds, I think it would be a waste of public funds. I believe that if you free up the machinery of commerce, that the private interests will furnish a first-class service. It is only where you have your channels of commerce clogged and choked and controlled that you bring about a condition which makes it appear that maybe the community could do better for itself than private interests do for it.

Senator SHEPPARD. Do you know whether there are any in this country?

Mr. WHITFIELD. Any municipal abattoirs?

Senator SHEPPARD. Yes.

Mr. WHITFIELD. I understand there are. The Bureau of Markets has such information as that. I think there are some, under certain conditions, running well. They usually operate at small places where it is impossible to get a regular supply of fresh meat. A small abattoir like that can kill about five animals a day and they don't have to do much business. That is a very important phase of the business, to have a proper supply of fresh product. This meat deteriorates very fast, and your source of supply must be close at hand. That is the real reason for our having a little packing plant up at Frederick, so as not to depend on the packing plants here.

Senator SHEPPARD. There is a field for them in the smaller cities?

Mr. WHITFIELD. I think there is a field for them in the smaller cities, but in the larger cities I doubt very much if there is. Answering your question again on the wage proposition, the data I gave here indicates that food has gone up 100 per cent since 1914, and I don't believe that wages as a whole have gone up anywhere near that amount. Whether other elements in the cost of living have advanced in that amount I am not informed.

Senator CAPPER. The meat-packing business seems to have passed largely into the hands of five men in the last few years. Now, in the retail business, for one concern like yours to operate a large chain of stores—you have 33 concerns?

Mr. WHITFIELD. Twenty-nine.

Senator CAPPER. Twenty-nine, and adding from time to time. Kidwel seems to be running a few, and the Sanitary Grocery Co. also are operating several. What is that going to do for the consumer? Isn't the tendency going to be to eliminate competition in the retail business in the same way in which it has been eliminated in the meat-packing industry? What do you think of that?

Mr. WHITFIELD. Why, Senator, that would be a question of economic development. It is a very important phase in the business

which I am not prepared to answer offhand. I should say, generally speaking, that if the retail business ever got into a few hands, it not only would be likely to result in the absence of competition and a rise in prices—I mean margins—prices don't control margins. Margins and prices are different. The price might be a dollar an ounce and the margin nothing, or the price 10 cents an ounce and the margin big. What I intended to say and should have said was the control of margins through the absence of competition.

Whether or not there is in the chain system the germ of such a development, I don't know. I don't think so. I would say there is one thing a chain can never do. It can never furnish that personal element in business that the individual storekeeper can furnish. And the live, active storekeeper will learn from the chain to discontinue reckless credit and unnecessary service, and will buck right up against the chain side by side and be doing a fair business. I think that probably what the outcome would be, would be rather along the line of developing large chains or small ones that would be doing business on a cash basis, and a reasonable sized chain able to buy in carload units might have an advantage over the other fellow. They would control the cash business and the other larger service stores would control the credit business, and those stores able to give the personal service would control a large amount of cash business, because certain people are willing to pay cash for a certain kind of service.

Senator CAPPER. The tendency recently has been rapidly toward the chain system, has it not?

Mr. WHITFIELD. The chain systems are developing very fast, but compared with the total business done I do not believe they are making a scratch. Taking the individual chain business by itself, it is developing very rapidly; but I think, speaking of the meat business, which always, when the food question comes up, seems to be the storm center, if the independent packer could get proper freight service in refrigerator cars from the railroads, you would not have to be worried about competition in the meat business, because the smaller packers would grow and flourish if they could get that kind of service. They can not get it by any system of part ownership by the packers and part ownership by the railroads. They can only get it by having the big packers go out of the railroad business.

Mr. TATOR. Then it is your opinion that the big packers are not as efficient as the smaller ones?

Mr. WHITFIELD. No.

Mr. TATOR. Then how can the little ones compete with the larger ones?

Mr. WHITFIELD. They may be more advantageously located sometimes.

Mr. TATOR. That is a matter of efficiency too, is it not?

Mr. WHITFIELD. I would not say so. It is an accidental geographical location.

Mr. TATOR. Would not the big fellows concentrate in a few large points?

Mr. WHITFIELD. I would say that control of the arteries of trade, or control of the means of transportation of shipment, would enable

them to crystallize an inefficient system of the country. Assume, for instance, that Baltimore, Norfolk, or a few other points were strategically better located for the packing-house business than Chicago or St. Louis, and the packers are located in Chicago and St. Louis but they have control of the shipping facilities. If they lost that control of shipping facilities the packer down here could ship to Boston and New York, and there would be competition.

Mr. TAYLOR. You realize that there is a great deal of waste in shipping cattle?

Mr. WHITFIELD. There is a great deal of waste.

Mr. TAYLOR. Therefore, if you have to ship into concentrated centers with big packers in control, that would be eliminated if you would give the small packers a chance to spread out.

Mr. WHITFIELD. I think that is right.

Mr. TAYLOR. Then we are not getting our meat business done as efficiently as we would be if that monopoly were broken?

Mr. WHITFIELD. I think with proper railroad service you would get a very much more efficient meat service from coast to coast than you are able to get from the present system. I do not want to go on record as saying that in my judgment these folks, who have created a world wonder, are inefficient.

Mr. TAYLOR. But you infer that they are inefficient if you say that the little fellows could spring up—

Mr. WHITFIELD. No; I state my belief and you draw the inference.

Mr. TAYLOR. I am only calling your attention to a conclusion.

Mr. WHITFIELD. I understand that, but I would not wish to go on record as stating that Armour & Co. and Swift & Co. and the other large packers are inefficient.

Senator SHERMAN. You mean that there are other systems that would be more efficient?

Mr. WHITFIELD. Yes. I would say that they are efficient, but the system that exists at the present time is not the most efficient or the best system for the country.

Senator SHERMAN. The packers testified that they did not have vehicles to take care of their own business, and if their cars were taken away from them they would not take care of anybody. They said they did not want to be smaller packers having cars.

Mr. WHITFIELD. They are not now, but they did before.

Senator SHERMAN. That was their testimony.

Mr. WHITFIELD. Yes. I think they have a more liberal policy now and even keep their cars, but that does not settle the situation at all. Unless the railroads are able to give a dependable service to a packer at a given point, he can not build up his business; it can not be done, and the very vital need of any packing house, any concern conducting the business of killing animals for fresh food, is a vigorous and fast service to the principal markets, without which they can do only local business. I had a prominent packer tell me very recently that he could not ship a car of fresh pork, not because he did not have the pork, but because he did not know when he could get a car from the railroad to put the pork in; that before he could get the car the market would change or the pork would go stale.

Mr. TAYLOR. I think it would be advisable if you would indicate what conditions would make it possible for the little fellows to

compete with the bigger packers. Is it just geographical conditions?

Mr. WHITFIELD. No; the little packer may not be quite so close to the source of raw material. He may be closer to a market for a finished product. All those things count. For instance, a packer who is able to get meat on a market like New York City, with a 24-hour delivery, has a big advantage over a packer who is shipping from the West to New York City.

Mr. TATOR. Not unless his raw material is there also.

Mr. WHITFIELD. The presumption is that there should be a reasonable supply of raw material without going out West, but even then he can overcome that absence of raw material and get the business because he has what is called "home-dressed" meats. If you go down here to a place operated by T. F. Keane, you will see a supply of beef dressed here at Benning. He brings that beef from Chicago, largely. If you go in his box and in the box of the big packers you will find a difference in the beef, although the very beef in Keane's box may be from a car of live cattle shipped from Chicago and dressed here.

Mr. TATOR. If he is near the market, 24 hours, it is a question of his being able to get a better price from the consumer and not being able to operate more efficiently.

Mr. WHITFIELD. It is a question of being able to market the particular article he has. He may have a car of beef that will suit a New York market.

Mr. TATOR. Of course, what the country is concerned in is not how much he may make out of an article, but who can operate a system most efficiently.

Mr. WHITFIELD. I do not know that anyone would be able to express an opinion much worth while as to who could give the most efficient service, but I would say that if you would free up the means of communication, the means of shipping, then the most efficient system would develop as a natural course. Does that answer your question?

Mr. TATOR. Well, I was hoping as an experienced packer you would have a little more intimate knowledge of where the packers would come in, but that is satisfactory.

Mr. WHITFIELD. I am not an experienced packer.

Mr. TATOR. You are in the business.

Mr. WHITFIELD. Yes, but there are many of us in the business who are not experienced. That is the reason we are in it, sometimes.

Senator CAPPER. Have you a cold-storage plant?

Mr. WHITFIELD. All meat markets have cold-storage plants. We have a plant at Frederick, with limited storage facilities. We have here at Washington limited storage facilities, but only enough to carry the stuff for a short time. We have not enough to go into the storage business, no storage to amount to very much. If we have excessive supplies at certain seasons we have to hire extra storage.

Senator CAPPER. There are certain cold-storage plants here in Washington?

Mr. WHITFIELD. Yes, primarily the one operated by the Washington Market Co.

Senator CAPPER. The packers have no cold storage?

Mr. WHITFIELD. They have only regular branch-house selling facilities which will carry only about 48 hours' supply of meat, nothing more than that.

Senator CAPPER. They do not carry, for instance, pork for some time?

Mr. WHITFIELD. If they put pork in the freezer they have to put it in the public freezer the same as we do; they have no freezer of their own.

Senator CAPPER. Do you know whether there is a considerable quantity of pork in cold storage here now?

Mr. WHITFIELD. I have not any definite information on that. I presume there should be at this season of the year. This is the season for high-priced pork, because the hog crop will not come until October or November. Hogs are selling for about 8 cents or 9 cents a pound more than they sold for last March, so, consequently the product to-day is worth a whole lot more. Fancy loins dressed last February, doubtless bring a better margin of profit than they would bring if produced to-day.

There has been a great deal of talk about the price of porterhouse steak and the low price of other steaks. That is a summer phenomena. In the summer folks do not cook roasts and they do not boil boiling pieces; they all want steaks and chops. We sell the chuck meat in steaks, but three months from now we will have a condition where the fore quarter may bring as much as the hind quarter, and it will cost you as much to get a piece of chuck meat for boiling as to get a piece of round steak or sirloin steak. There is a great stretch between the value of the fore quarter and the hind quarter meat, and then the differential closes up and the difference is nominal; so that the situation of the radical difference between the prices of porterhouse steaks and the chuck steaks now will be totally different 60 days from now.

Chairman BALL. The committee will now adjourn until to-morrow afternoon at 2 o'clock. I will ask the witnesses who have not testified to kindly return to-morrow at that time. I am sorry to ask you to come back the second time, but it seems to be necessary.

(The papers referred to and submitted by the witness, Joseph A. Whitfield, and marked, respectively, 1 to 22 inclusive, are as follows:

No. 1.

J. A. WHITFIELD Co., FREDERICK, MD.

Beef test.

[No. 885.—Aug. 1, 1919. Abe Meyer; 31 cattle; E lot.]

Number of head, 31, weight, 24,660 pounds, at 11 cents per pound	\$2,712.60
Commission	10.00
Feed and bedding	6.25
Freight	116.27
Exchange	2.70
Cost of killing	37.50
Total gross cost, at \$11.70	2,885.32
Ruffle, 31 head, 279 pounds, at 12 cents per pound	33.48
Livers, 31 head, 248 pounds, at 8 cents per pound	19.84
Hearts, 31 head, 62 pounds, at 10 cents per pound	6.20

31 head, at 50 cents.....	\$15.50
1 head, 155 pounds at 10 cents per pound.....	15.50
1 head for tallow, 31 head, 1,860 pounds, at 1 cent per pound.....	18.60
1 head, 372 pounds, at 1 cent per pound.....	3.72
1 head switches, 31 head, at 1 cent.....	.31
1 head, at 5 cents per pound.....	1.55
1 head, 1,480 pounds at 40 cents per pound.....	592.00
	<hr/>
	706.70
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of dressed beef.....	2,178.62
weight, 12,430 pounds; per cent yield, \$49.40; cold weight, 12,180	
cost per hundredweight, \$17.88; number of head, 31; dressed, 12,180	
at \$17.88, \$2,178.62. Offal credit, \$2.87. Billed Washington. Invoice	
August 4, 1919. O. K., C. M., August 18, 1919.	
keeper, John C. Engle; manager, L. G. B.	

[No. 879—July 17, 1919. Max Ettlinger Co.; 26 cattle; H lot.]

of head, 26; weight, 21,600 pounds, at \$12.38.....	\$2,674.97
.....	12.00
.....	.10
and bedding.....	6.50
.....	92.33
.....	3.35
of killing.....	32.50
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Total gross cost at \$13.05.....	2,821.75
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1 head, 690 pounds, at 12 cents per pound.....	81.60
1 head, 182 pounds, at 8 cents per pound.....	14.56
1 head, 52 pounds, at 10 cents per pound.....	5.20
1 head, at 50 cents.....	13.00
1 head, 130 pounds, at 10 cents per pound.....	13.00
1 head for tallow, 26 head, 1,560 pounds, at 1 cent per pound.....	15.60
1 head, 312 pounds, at 1 cent per pound.....	3.12
1 head switches, 26 head, at 3 cents.....	.78
1 head, at 5 cents.....	1.30
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1 steers, 10 head, 457 pounds, at 33 cents per pound.....	150.81
2 cows, 16 head, 730 pounds, at 31 cents per pound.....	226.30
	<hr/>
Total.....	525.27
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of dressed beef.....	2,296.48
weight, 11,373 pounds; per cent yield, \$51.59; cold weight, 11,145	
at \$20.60, \$2,296.48. Offal credit, \$2.41. Billed Washington. Invoice	
at 20 cents. O. K., C. M.	
keeper, John C. Engle; manager, L. G. B.	

[No. 874—July 9, 1919. Abe Meyer; 32 cattle; D lot.]

of head, 32; weight, 24,950 pounds.....	\$2,778.56
.....	10.00
and bedding.....	10.50
.....	117.43
.....	2.80
of killing.....	40.00
	<hr/>
Total gross cost, at \$11.86.....	2,959.29
	<hr/>
1 head, 820 pounds, at 12 cents per pound.....	98.40
1 head, 226 pounds, at 8 cents per pound.....	18.08

HIGH COST

Mr. WHITFIELD.
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Senator CAPPER.
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Senator CAPPER.
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Mr. WHITFIELD.
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cents per pound-----	\$14.50
5 pounds, at 10 cents per pound-----	14.50
29 head, 1,740 pounds, at 1 cent per pound-----	17.40
48 pounds, at 1 cent per pound-----	3.48
head, at 1 cent per pound-----	.29
cents per pound-----	1.45
pounds, at 31 cents per pound-----	12.40
1,383 pounds, at 33 cents per pound-----	456.89
	<u>631.97</u>
	<u>2,546.60</u>

3,636 pounds; per cent of yield, \$51.64; cold weight, 13,363 hundredweight, \$19.05; number of head, 29; dressed, 13,363 \$46.60. Offal credit, \$2.44. Bills on Washington. Invoice No. 19, at 19½ cents. O. K., C. M.

No. 2.

Beef account sales.

WEEK ENDING JULY 18, 1919.

ates; 4 fores; number "cattle," 84; weight received, 37,751; weight sold, 37,748; shrink, 3. Our profit, \$345.04.

Area.	Hinds.	Ribs.	New York chucks.	Rattles.	Plates.	Rounds.	Loins.	Weight.	Price.	Amount.
	2								<i>Cts.</i>	
				1				184	29	\$53.36
								106	13	13.78
2	2							422	20	84.40
2	2							436	20	87.20
	2							214	29	62.06
	2							200	29	58.00
1								106	13	13.78
					3			79	12	9.48
					2			47	12	5.64
1	1							219	20	43.80
						2		121	26	31.46
1	1							223	20	44.60
	1							105	30	31.50
2	2							382	21	80.22
		3						62	15	9.30
2	2							462	20	92.40
					2			46	11½	5.29
3								329	13	42.77
	1							106	30	31.50
1	1							199	21	41.79
								91	14	12.74
1	1	1						21	25	5.25
								241	21	50.61
	1	1	1					260	23½	61.10
								122	30	36.60
	1							135	24	32.40
1	1							188	19	35.72
	2							109	13	14.17
								529	16	84.64
4	4							91	23	20.93
		3						860	20	172.00
1								60	15	9.00
								102	13	13.60
								48	23	11.04
				2				168	13	21.84
								118	23	27.14
1	1					2		196	21	41.16
2	2							460	21	96.60
		2						38	26	9.88
							1	51	31	15.81
1	1							241	21	50.61
5	5							1,474	22½	331.65
1	1							295	22½	66.38
								93	23	21.39
4	4					2		919	16	151.84

No. 2—Continued.

Beef account sales—Continued.

WEEK ENDING JULY 13, 1920—Continued.

Sold to—	Fore.	Hinds.	Ribs.	New York chucks.	Rattles.	Plates.	Rounds.	Loins.	Weight.	Price.	Amount.
213X	6	4							1.07	19 1/2	\$207.32
7 & B.	1	1							1.32	19	34.58
7 & B.	1								1.07	13	11.31
11H	2								2.09	13	25.17
11H								2	.96	23	22.04
7 & Q.	1	1							2.46	16	38.36
Thomas	2	2							3.09	21	105.00
730	2	2							4.54	20	91.20
730					2				1.70	17	22.10
7H	1	1							2.46	16	38.36
915	4	4							4.00	16	163.94
914	4								2.00	11 1/2	44.45
2030								1	.13	30	12.90
725	2								2.15	13	27.30
930	5	5							1.130	14	190.40
930				1					.78	15	11.70
15U	1								1.28	15	19.20
930	1								1.28	15	19.20
1632						1			.16	12	1.92
712	1								1.11	15	16.65
1440			1						.26	28	7.28
15U		1							1.17	29	22.93
Geo		1							.90	29	26.71
936		2							1.94	28	36.28
1421		1							.98	29	26.42
3415	1	1							2.10	21	44.10
2030								1	.39	21	12.00
Commonly			1						.21	25	5.25
11H	1	1							1.58	19	30.02
730							2		1.11	27	29.97
725				1					.76	31	11.02
3166								2	.83	31	26.73
Meyer			1						.9	20	1.80
730	2	2							4.08	21	84.63
1632	1	1							1.79	20	35.80
1632						1			.32	27	14.34
7 & Q.	1	1							1.56	19	28.64
1440		1							1.03	21	40.33
15U	1	1							1.86	21	38.06
15U	1	1							.98	29	25.32
3166	1	1							1.66	21	34.86
14K	2	2							4.08	21	85.68
14K			2						.44	25	11.00
Fla.	1	1							1.80	20	36.00
906	2	2							3.52	21	73.92
725		2							1.72	29	49.88
725					2				1.46	14	20.44
712	2	2							3.62	21	76.02
1421	1	1							2.03	21	42.62
2101	1	1							2.05	21	43.05
3415	1	1							1.76	20 1/2	36.68
3100	1	1							1.75	20 1/2	35.88
3605		1							.93	29	26.97
Geo. Ave.					1				.80	14	11.20
Geo. Ave.		2							.93	29	26.97
930	2	2							3.59	20	67.80
8 & 1 E	2	2							3.47	20	69.40
71B	1								.99	15	14.85
7H	1	1							1.58	20	31.60
930	2	2							4.80	20	96.00
915	2								2.09	13	27.17
Thomas	1	1							1.98	21	41.38
1632						1			.12	12	1.44
11H	2	2							4.1	19	83.79
7 & 1B							1		.31	27	11.77
1440		1							1.07	29	31.03
1440								1	.50	31	15.50
1714	1	1							1.84	20	36.80
14A		2							2.03	29	59.45
14A				2					.37	26	9.62
3166					1				.67	14	9.38
3608								1	.39	28	16.52
Geo.		1							.86	29	24.94
3415	1	1							1.82	21	38.22
3415	1	1							1.00	15	15.00
2030	1	1							1.82	21	38.22
Commercially			1						.16	20	2.30

No. 2—Continued.

Beef account sales—Continued.

WEEK ENDING JULY 18, 1919—Continued.

Sold to—	Fores.	Hinds.	Ribs.	New York chucks.	Rattles.	Plates.	Rounds.	Loins.	Weight.	Price.	Amount.
										<i>Cts.</i>	
Commercially						1			12	12	\$1.44
Order			2						40	25	10.00
895	2	2							428	19	81.32
73	2	2							364	18	65.52
739							1		64	27	17.28
1622	1	1							210	18½	38.85
1622	1								132	13	17.16
1622						3			62	12	7.44
1446		1							116	29	33.64
1446			3						55	23	12.65
1907	2	2							366	21	77.28
187								2	124	27	33.48
2186	1	1							256	20½	52.48
2186									47	31	14.57
3608		1							98	29	28.42
908	2	2							448	20½	91.84
726		2							216	29	62.64
1421		1							119	29	34.51
2381	1								104	13½	14.04
2101	2	2							412	20	82.40
3413	1	1							212	20	42.40
3413	1								126	14	17.64
2080	1	1							202	20½	41.41
2080			2						46	25	11.50
Pence								1	52	28	14.56
Pence	10	10							6,747	19½	1,315.66
Pence	20	20									

WEEK ENDING JULY 25, 1919.

1 loin; 2 rounds; 3 plates; 24 fores; number of cattle, 76; weight received, 34,496; weight sold, 34,218; shrink, 278. Our profit, \$301.90.

Sold to—	Fores.	Hinds.	Ribs.	New York chucks.	Rattles.	Plates.	Rounds.	Loins.	Weight.	Price.	Amount.
										<i>Cts.</i>	
118	3								282	9	\$25.38
141	1	1							232	22	51.04
141	1								535	21	49.35
1166		1							96	30	28.80
141K			2						36	25	9.00
3608		1							93	30	27.90
908	2	2							408	21	85.68
908	6	6							1,066	17	181.22
726	2	2							400	19½	78.00
726	2	2							423	18	76.14
72						2			162	13	21.06
1421	2	2							446	21	93.66
111	4	4							774	20	154.80
2115	1	1							188	20	37.60
2115	1								112	14	15.68
Pence	2	2							323	17	54.91
2080	2	2							313	18	56.34
2080									51	28	14.28
141	2	2						1	412	21	86.52
141K	2	2							443	21	93.03
1440	1	1							20	21	46.70
1440								2	86	28	24.08
14 Q	1	1							201	16	32.16
Thomas	1	2							410	21	86.10
73	2	2							421	21	88.41
1632	1	1							26	16	36.16
1632						1			11	12	1.32
14 E	2	2							390	16	62.40
14 B	2								104	14	18.56
73	1	1							100	16	32.00
111H	2	2							495	16	79.60
111H	2								219	13	17.56
908				1					84	13	10.92
2101	2	2							387	20½	79.34

No. 2—Continued.

Beef account sales—Continued.

WEEK ENDING JULY 18, 1919—Continued.

Sold to—	Fores.	Hinds.	Ribs.	New York chucks.	Rattles.	Plates.	Rounds.	Loins.	Weight.	Price.	Amount.
										<i>Cts.</i>	
31N.	6	6							1,077	194	\$207.24
7 & B.	1	1							182	19	34.58
7 & B.	1								87	13	11.31
11H.	2								209	13	27.17
11H.							2		95	23	21.85
7 & Q.		1							246	16	39.36
Thomas.	2	2							500	21	105.00
739.	2	2							456	20	91.20
739.					2				170	13	22.10
7H.	1	1							246	16	39.36
918.	4	4							899	16	143.84
918.	4	4							390	11½	44.85
2030.								1	43	30	12.90
726.	2								210	13	27.30
930.	5	5							1,130	16	180.80
8360.				1					78	15	11.70
18U.	1								128	15	19.20
930.	1						1		128	15	19.20
1632.									16	12	19.20
712.	1								111	11	12.21
1440.			1						26		
18U.		1							117		
Geo.		1							99		
906.		2							184		
1421.		1							98		
3415.	1	1							210		
2030.								1	36		
Commonly.			1								
11H.	1	1									
739.							2				
726.				1							
3166.								2			
Meyer.			1								
739.	2	2									
1632.	1	1									
1632.							1				
7 & Q.	1	1									
1440.	1	1									
18U.	1	1									
18U.		1									
3166.	1	1									
14K.	2	2									
14K.			2								
Fla.	1	1									
906.	2	2									
726.		2									
726.					2						
712.	2	2									
1421.	1	1									
2101.	1	1									
3415.	1	1									
3100.	1	1									
3605.		1									
Geo. Ave.					1						
Geo. Ave.		1									
930.	2	2									
8 & 1 E.	2	2									
71B.											
7H.											
930.											
918.											
Thomas.											
1632.											
11H.											
7 & 1B.											
1440.											
1440.											
1714.											
14A.											
14A.											
3166.											
3608.											
Geo.											
3415.											
3415.											
2030.											
Commonly.											

Sold to— Force, Henry Ind

QTY.	Price.	Amount.
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Commercially

2	2
1	1
1	1
2	2
1	1
2	2
1	1
1	1
1	1
1	1
20	20
20	20

	<i>Cts.</i>	
182	21	\$38. 22
226	21½	48. 59
98	28	27. 44
445	21	87. 15
97	13	12. 61
400	20	90. 00
430	20½	88. 15
110	30	33. 00
349	10	34. 90
396	20	79. 20
97	30	29. 10
234	21	49. 14
517	17	87. 89
378	19½	73. 71
428	20	85. 60
825	26½	218. 63
47	22	10. 34
278	12½	34. 75
1. 398	09	125. 82

154; weight sold, 33,720; shrink, 24.

Info; 8 rounds; 3 places; as announced -

Sold to—

Forrest.

18	
17	
16	
15	
14	
13	
12	
11	
10	
9	
8	
7	
6	
5	
4	
3	
2	
1	

Inds.	Loins.	Weight.	Price.	Amount.
		92	15	\$13.80
1		52	25	13.00
		5	12	.60
		42	28	11.76
	1	39	31	12.09
		95	29	27.55
		234	22	51.48
		411	18	73.98
		184	15	27.60
		259	29	75.11
		58	15	8.70
		73	15	10.95
		273	29	79.17
		159	18	28.62
		554	17	94.18
		213	14	29.82
		234	21	49.14
		115	29	33.35
		226	20	45.20
1		68	27	18.36
		468	21	97.23
		107	29	31.03
	1	53	30	15.90
		58	27	15.66
1		439	21	92.19
		264	20	40.80
		208	20	41.60
		118	29	34.22
		421	19	79.99
		78	14	10.92
		123	29	35.67
		267	21	53.97
		256	21	53.76
		91	28	25.48
		484	21	101.64
		265	21	53.53
		115	29	33.35
		126	29	36.54
		87	29	25.23
		132	29	38.28
		211	20	42.20
2		135	27	36.45
		216	27	58.32
		217	17	69.19
			27	5.87
			27	8.64
			27	10.56

No. 2—Continued.

Beef account sales—Continued.

WEEK ENDING JULY 11, 1919—Continued.

Sold to—	Fores.	Hinds.	Ribs.	New York chucks.	Rattles.	Plates.	Rounds.	Loins.	Weight.	Price.	Amount.
										<i>Cts.</i>	
Subr.			2						43	25	\$10.75
739.						3			47	12	5.64
14U.						6			111	12	13.32
3166.				1				1	51	30	15.30
3166.									77	15	11.55
14K.			2						42	26	11.70
3608.	1	1							235	21	49.35
726.		2	2						193	27	53.01
712.	2	2	2						418	19	79.42
1421.		2	2						200	29	58.00
2101.	1	1	1						192	20	38.40
31M.	2	2	2						396	19	77.22
3415.	1	1	1						235	19	44.65
739.	2	2							413	21	86.73
739.					2				209	14	29.26
930.	4	4							889	15	33.35
930.				5					425	15	63.75
80E.				1					82	15	12.30
80E.	3	3							613	15	91.95
Thomas.	2	2							470	20	94.00
1440.							1		67	27	18.09
14U.		2	2						197	29	57.13
18U.	2	2	2						435	20	87.00
1632.	1	1							188	17	31.96
1632.						1			22	12	2.64
71H.	1	1							207	15	31.05
11H.	2	2							419	15	62.85
Subr.						1			17	12	2.04
2030.	1								137	15	30.55
918.	7	7							1,539	15	230.85
Geo.		2	2						205	28	57.40
906.	1	1							219	21	45.99
726.					2				164	14	22.96
712.	2	2							470	19	89.30
712.					1				91	14	12.74
2101.		1							96	28	26.88
Fla.	2	2	2						418	15	62.70
1421.	1	1							225	21	47.25
1421.		1	1	1					203	22	44.66
31N.	4	4							762	19	144.78
Subr.			1						18	25	4.50
Subr.						1			5	12	.60
18U.							2		122	27	30.94
3166.	1	1							219	21	45.99
3608.		1							109	29	31.61
Geo.				1					84	14	12.18
14K.	2	2							484	22	106.48
14K.			2						48	25	12.00
906.	1	1							218	21	45.78
726.		2							238	28	66.84
726.						2			46	12	5.52
1421.	1	1							216	21	45.36
1632.	1	1							184	17	31.28
81E.	1	1							234	15	35.10
Thomas.	1	1							267	21	56.07
70Q.	1	1							225	16	36.00
2030.		1							130	29	32.70
1714.				1					97	15	14.55
14U.	2								214	14	29.92
14U.	2	2							415	22	91.30
14U.						6			122	12	14.64
7NB.	1								99	15	14.85
7NB.		2					1		69	27	18.78
2101.	2	2							412	21	86.52
3415.	1	1							221	21	46.41
3415.	1								123	14	17.22
1440.	1	1							227	22	49.94
1440.		1							121	29	35.09
7H.	1	1							227	15	34.05
7H.	1								92	13	11.96
Pence.	41	41							7,823	20	1,568.71
Pence.	4								390	14	54.60
Pence.									205	20	41.00

No. 3.

Fifty-two principal items of groceries.

	Whole- sale cost.	Store cost.	Store selling.	Store profit.	Total profit.
				<i>Per cent.</i>	<i>Per cent.</i>
Tomatoes, standard, No. 3 can.....	\$0.17 $\frac{1}{2}$	\$0.14 $\frac{1}{2}$	\$0.18	20	3
Corn, Sweet Meadow, No. 3 can.....	.12 $\frac{1}{2}$	.11 $\frac{1}{2}$	.12 $\frac{1}{2}$	6	.....
Peas, early June, No. 3 can.....	.13 $\frac{1}{2}$	.11 $\frac{1}{2}$	.12 $\frac{1}{2}$	6	Loss
Flour, G. M., 12-pound bag.....	.79	.83	.80	7	11 $\frac{1}{2}$
Milk, tall can.....	.12 $\frac{1}{2}$	.12 $\frac{1}{2}$	.14	9	10.7
Beans, Campbell.....	.10 $\frac{1}{2}$	.11	.12 $\frac{1}{2}$	12	19
Rice, best, pound.....	.13	.15	.18	16	28
Macaroni, pound.....	.09	.10 $\frac{1}{2}$	.12 $\frac{1}{2}$	16	28
Spaghetti, pound.....	.09	.10 $\frac{1}{2}$	.12 $\frac{1}{2}$	16	28
Salmon, red, tall.....	.21	.23	.27	15	22
Soup, Campbell's, can.....	.08 $\frac{1}{2}$	.09	.10	10	12 $\frac{1}{2}$
Navy beans, best, pound.....	.08	.09	.10	10	20
Lima beans, best, pound.....	.11	.12	.15	20	27
Bread, loaf.....	.05 $\frac{1}{2}$	.06	.07	14	18
Coffee, pound.....	.33	.37	.44	16	25
Sugar, granulated, pound.....	.09 $\frac{1}{2}$	.09 $\frac{1}{2}$	.10	5	7 $\frac{1}{2}$
Jello.....	.08 $\frac{1}{2}$	.09	.10	10	17
Asparagus 2 $\frac{1}{2}$ can.....	.23	.25	.28	11	18
Asparagus No. 1, tall.....	.16 $\frac{1}{2}$	.18 $\frac{1}{2}$	.22 $\frac{1}{2}$	19	26
Rumford baking powder.....	.21 $\frac{1}{2}$	.24	.27	11	20
Quaker Oats.....	.09	.09 $\frac{1}{2}$	.12	19	25
Kellogg's Corn Flakes.....	.10 $\frac{1}{2}$	.11	.12	8	14
Shredded Wheat.....	.11 $\frac{1}{2}$	.12 $\frac{1}{2}$	.12 $\frac{1}{2}$	.....	6
Cream of Wheat.....	.20 $\frac{1}{2}$	.21	.25	16	18
Cocoa, Baker's 4's.....	.18 $\frac{1}{2}$	.18 $\frac{1}{2}$	.22	16	16
Crisco, 1's.....	.31 $\frac{1}{2}$	.36	.38	5	18
Catsup, Wagner or Ritters.....	.10	.11	.12 $\frac{1}{2}$	12	20
Crackers.....	.07	.07	.08	12 $\frac{1}{2}$	12 $\frac{1}{2}$
Mackerel.....	.07 $\frac{1}{2}$	.09	.12 $\frac{1}{2}$	28	38
Sardines, domestic.....	.05	.05 $\frac{1}{2}$	.07 $\frac{1}{2}$	26	33 $\frac{1}{2}$
Peanut butter.....	.15	.14	.18	22	17
Del Monte Jams, No. 2.....	.30	.33 $\frac{1}{2}$	.40	17	25
Van Lilla jams.....	.18 $\frac{1}{2}$	.20	.25	20	26
Dawson jelly.....	.11	.11	.12 $\frac{1}{2}$	12	12
Corn meal, white.....	.04 $\frac{1}{2}$	.04 $\frac{1}{2}$	.05	10	10
Noodles.....	.06 $\frac{1}{2}$	.07	.09	22	30
Wesson oil.....	.31	.33 $\frac{1}{2}$	.40	17	22 $\frac{1}{2}$
Olive oil, quart.....	1.10	1.20	1.40	14	21
Heinz pickles.....	.15	.15	.19	21	21
Lea & Perrin Sauce.....	.23	.23	.26	11 $\frac{1}{2}$	11 $\frac{1}{2}$
Ivory soap.....	.07 $\frac{1}{2}$	.07 $\frac{1}{2}$	.08 $\frac{1}{2}$	12	14 $\frac{1}{2}$
Fels Naptha.....	.07	.07	.08	12 $\frac{1}{2}$	12 $\frac{1}{2}$
Star soap.....	.06	.07 $\frac{1}{2}$	.08 $\frac{1}{2}$	9	29
Karo syrup, 1 $\frac{1}{2}$ -pound.....	.11 $\frac{1}{2}$	.12 $\frac{1}{2}$	.15	17	25
Karo syrup, 5-pound.....	.35	.39	.45	13	22
Laundry starch.....	.06	.06 $\frac{1}{2}$	.08	16	25
Corn starch.....	.07	.07	.09	22	22
Salad dressing, Cubro.....	.23	.25	.33	24	33
Salad dressing, Durkee.....	.21	.23	.29	21	27 $\frac{1}{2}$
Challenge Milk.....	.16	.16 $\frac{1}{2}$	.19	12 $\frac{1}{2}$	16
Vinegar, White House, gallon.....	.46	.51	.55	7	16 $\frac{1}{2}$
Tea, Lipton's, pound.....	.73	.80	.92	13	21
	9.9631	10.6815	12.3750	13.7	19.5

No. 4.

Flour and sugar.

	Cost.	Price to branches.	Sell.	Retail.	Total.
				<i>Per cent.</i>	<i>Per cent.</i>
Gold Medal, spring wheat:					
6 pounds.....	\$13.35	\$13.75	\$15.04	8.6	11.2
12 pounds.....	12.65	13.00	14.24	8.7	11.2
Orange Grove, winter wheat:					
6 pounds.....	11.55				
12 pounds.....	10.85	11.00	12.00	8.5	9.6
24 pounds.....	10.90				
Barrels.....	11.25	11.50	12.00	4.1	6.25
Holland Belle, spring and winter blend:					
6 pounds.....	11.40	12.00	13.76	12.8	17.1
12 pounds.....	11.30	11.90	13.60	12.5	17.0
24 pounds.....	11.20	11.80	13.20	10.6	15.1
Barrels.....	11.60				
Granulated sugar, bulk.....	9.23	9.50	10.00	5.0	7.7

No. 5.

[Certified copy, Old Dutch Market (Inc.). A. M. Ansell, secretary.]

AUGUST 2, 1919.

257 sacks (150 pounds each), 642½ bushels, at \$2.046----- \$1, 314.23
 Freight on 642½ bushels, at \$0.154----- 99.27

Total cost, 642½ bushels, at \$2.20----- 1, 413.50

Advertised at 65 cents per peck—\$2.60 per bushel.

Profit per bushel, \$0.40, or 15.39 per cent.

CRANBURY, N. J., July 28, 1919.

Old Dutch Market, Washington, D. C., to Chamberlain & Barclay, dr. (potatoes a specialty):

257 sacks potatoes (150), at \$5.50----- \$1, 413.50
 Less freight----- 99.27

1, 314.23

N. Y. N. H. & H. 82747. To C. & B., Washington, D. C. P. R. R. Draft
 D. L. attached, Lincoln National Bank.

O. K.—WHITTLESEY.

AUGUST 9, 1919.

220 sacks (150 pounds each), 550 bushels, at \$2.246----- \$1, 235.08
 Freight on 550 bushels, at \$0.154----- 84.97

Total cost, 550 bushels, at \$2.40----- 1, 320.00

Advertised at 70 cents per peck—\$2.80 per bushel.

Profit per bushel, \$0.40, or 14.3 per cent.

FREEHOLD, N. J., August 5, 1919.

The Monmouth County Farmers' Exchange sold to Old Dutch Market:

220 one hundred and fifty pound sacks Grants, \$8----- \$1, 320.00
 Less freight----- 84.97

1, 235.08

District National Bank.

JULY 26, 1919.

188 barrels (2½ bushels each), 317 bushels at \$2.32----- \$1, 205.88
 Freight on 317 bushels at \$0.218----- 112.85
 Total cost 317 bushels at \$2.53----- 1, 318.73

Advertised at 73 cents per peck or 14 per bushel.

Net profit: 40 cents per bushel or 13 per cent.

OLNEY, VA.

Monmouth County of Virginia Produce Exchange to Old Dutch Market, Washing-

ton, D. C. (EXAN 7-22-19):
 188 barrels fresh potatoes, at \$6.50----- \$1, 222.00
 Less express freight----- 16.12

1, 205.88

O. K.—WHITTLESEY.

[United States Railroad Administration—Freight bill—19197.]

JULY 25, 1919.

From 19199: Nantux, Va.: Ste. Old Point Comfort, R. C. & A. 276, 804.
 Baltimore, Carbon, Md.

Shipped, R. & Va. Prod. Ex. 7-25-19.

Consigned to Old Dutch Market (Car PL 327118).

188 barrels R. potatoes; weight, 34,780; rate & authority, 32.5; freight
 charges----- \$309.56
 War tax----- 3.29

112.85

Decreases shipped for ventilation.

Washington, D. C.—Paid Jul 28, 1919. W. W. Bowen, agent, per C. K. R.

No. 6.

Gross sales, expense in detail, gross margins, retail markets, 1914-1918.

	12 markets, 1914.	16 markets, 1915.	22 markets, 1916.	25 markets, 1917.	29 markets, 1918.
Gross sales	\$989,422.73	\$1,335,838.42	\$1,673,495.25	\$2,493,179.20	\$3,277,409.71
Over-head expense	28,864.36	34,644.79	38,850.71	54,214.69	76,059.45
Wages	87,127.36	105,592.44	127,925.94	153,950.15	217,886.21
Rent	14,079.76	16,784.39	22,755.41	27,114.25	35,269.87
Light	4,904.96	6,896.13	9,075.60	9,595.45	9,841.43
Ice and refrigeration	7,199.85	8,357.03	11,595.58	13,902.10	15,894.40
Packages and supplies	11,499.82	16,711.06	24,934.18	41,078.49	42,490.72
Miscellaneous expense	3,915.25	4,977.04	6,029.53	7,292.66	9,070.86
Coats and aprons	2,891.14	4,390.26	5,706.04	5,119.23	9,655.01
Advertising	7,968.54	12,829.36	17,563.80	18,064.92	24,510.85
Maintenance and repairs	5,235.76	3,700.77	3,994.36	5,825.34	9,989.29
Telephone	1,693.61	1,819.05	2,387.27	2,423.27	2,668.72
Hauling	2,698.03	(1)	(1)	(1)	(1)
Interest, insurance, and taxes	(2)	(2)	5,521.34	9,178.64	26,062.08
Total expense	178,093.44	216,702.32	276,339.76	347,759.19	479,398.89
Per cent	18.0	16.2	16.5	13.9	14.6
Gross earnings	\$194,759.07	\$246,380.11	\$297,460.38	\$418,448.48	\$529,058.01
Per cent	19.7	18.4	17.8	16.8	16.1
Net profit	\$16,665.63	\$29,677.79	\$21,120.62	\$70,689.29	\$49,659.12
Per cent	1.7	2.2	1.3	2.9	1.5

(1) Charged to departments.

(2) In overhead expense.

Overhead expense: Officers' salaries, auditing department wages and expense, sales manager, wages and expense, donations and contributions, legal fees, telephone and telegraph.

NOTE.—No provision in above expense for depreciation or excess-profits taxes.

Department sales, expenses in detail, gross margins, 1914-1918.

	Meats and provisions.				Abattoir.	
	1915	1916	1917	1918	1917	1918
Gross sales	\$711,884.40	\$796,308.61	\$1,245,513.61	\$1,676,588.31	\$508,006.02	\$645,857.15
Overhead expense	796.00	830.32	42.10	.....	2,661.16	300.00
Wages	4,880.91	7,992.83	7,288.99	9,975.12	12,031.38	16,044.29
Rent	1,491.67	2,920.00	3,005.00	3,810.00	.....	.....
Light	575.09	641.62	360.65	4.82	.....	406.06
Ice and refrigeration	3,152.66	2,470.42	3,477.90	8,921.75	10,733.97	18,474.19
Packages and supplies	1,000.00	2,177.73	3,589.78	655.55	4,323.41	5,035.67
Miscellaneous expense	776.10	555.08	550.43	643.73	5,491.90	831.13
Coats and aprons .....	.....	147.08	222.48	312.96	.....	112.53
Maintenance and repairs	260.00	278.33	318.81	1,123.33	100.63	1,094.21
Telephone	93.07	157.07	268.84	286.03	.....	491.37
Hauling	2,657.54	3,605.78	7,445.63	15,310.01	1,811.42	3,154.85
Smokehouse expense	6,773.44	8,301.73	11,666.90	.....	.....	.....
Total expense	22,446.48	30,109.49	38,252.51	41,043.32	37,153.87	46,546.29
Per cent	3.2	3.8	3.1	2.4	7.3	7.2
Gross earnings	25,932.54	26,280.80	44,742.60	64,929.28	29,192.27	55,373.11
Per cent	3.7	4.6	3.6	3.9	5.7	8.6
Net profit	3,486.06	6,181.31	6,490.09	23,485.96	7,961.60	8,826.82
Per cent .....	.5	.8	.5	1.5	1.6	1.4

1 Deficit.

NOTE.—No allowance in above expenses for depreciation or excess-profits taxes.

Departmental sales, expenses in detail, gross margins, 1914-1918.

	Groceries and vegetables, 1914.	Groceries and vegetables, 1915.	Groceries and vegetables, 1916.	Groceries, 1917.	Groceries, 1918.	Vegetables, 1917.	Vegetables, 1918.	Bakery, 1916.	Bakery, 1917.	Bakery, 1918.
Gross sales.....	\$285,619.18	\$268,144.87	\$501,945.24	\$558,280.32	\$718,363.76	\$289,317.02	\$351,326.74	\$35,892.12	\$79,733.10	\$84,055.07
Wages.....	8,788.18	6,534.32	7,943.75	6,830.27	10,680.54	4,484.81	4,632.17	6,434.38	9,413.82	10,556.78
Rent.....	2,075.00	2,400.00	2,440.00	2,185.00	3,690.00	570.00	740.00	825.00	975.00	900.00
Light.....	167.15	336.90	414.46	147.06	86.84	104.53	57.47	367.24	433.45	38.73
Ice and refrigeration.....	105.42			1,300.00	5,114.32	311.88	1,262.45	451.39	1,593.59	5,067.27
Package and supplies.....			51.70					552.95	209.52	
Miscellaneous expense.....	307.99	292.02	928.43	490.30	266.42	314.13	360.73	254.70	355.21	171.98
Cash and arrears.....					85.19		44.00	109.41	2.01	76.43
Costs and repairs.....	297.32	517.69	190.38	163.73	164.89	165.17	88.96	54.46	4.26	434.86
Maintenance and repairs.....	157.71	186.02	243.50	231.10	296.08	225.33	286.05	84.20	103.03	120.00
Telephone.....	2,538.84	6,841.86	11,338.36	11,936.45	12,873.39	6,419.47	9,122.37	1,440.00	2,237.31	2,873.43
Haulage.....										
Total expense.....	14,437.61	17,112.81	23,550.84	22,586.88	33,259.64	12,645.32	16,634.20	10,573.82	15,327.20	20,049.48
Per cent.....	5.1	4.6	4.7	4.2	4.6	4.4	4.7	79.5	19.2	23.8
Gross earnings.....	19,662.31	22,736.36	35,246.49	47,700.33	46,545.05	11,864.42	15,699.15	10,971.06	22,287.29	25,920.43
Per cent.....	6.9	6.2	7.0	8.5	6.5	4.1	4.4	30.6	27.9	30.8
Net profit.....	5,224.70	5,623.55	11,495.91	21,113.45	13,286.31	750.90	1,035.05	397.24	6,055.09	5,870.95
Per cent.....	1.8	1.6	2.3	4.3	1.9	.3	.3	1.1	8.7	7.0

NOTE.—Groceries and vegetables were combined in 1911, 1915, 1916. No allowance in above expense for depreciation or excess-profit tax.

No. 7.

SOURCES OF SUPPLY.

Potatoes are another principal item in the business, and I submit for your information original invoices of three (3) separate carloads of potatoes bought at different points, each invoice having attached to it a statement of the retail price for which these potatoes were sold (Exhibit F). It will be noted that our average gross profit, covering both wholesale and retail divisions, was 15 per cent.

I also have here for your examination our condensed score card (Exhibit G) showing the results, week by week, at all our markets on each classification of merchandise.

WHOLESALE AND RETAIL NET RESULTS, 1914 TO 1918, INCLUSIVE.

The sheets which I hand you herewith will show in detail our annual sales, gross margins, operating expenses (itemized), and net results (Exhibit H).

Beef and cattle, commission buyers: Max Ettlinger, Chicago, Ill.; Abe Meyer, St. Louis; Moog & Greenwald, Chicago, Ill.; Baltimore Stockyards; local purchases at our plant, Frederick, Md.; Indianapolis Abattoir Co.; local beef houses; Armour & Co.; Swift & Co.; Morris & Co.; Cudahy Packing Co.; Wilson & Co.; about 20 per cent of purchases.

Hogs and pork cuts, commission buyers: Monroe, Dawson & Co., National Stockyards, Ill.; W. R. Crawford, Cincinnati, Ohio; Murphy & Grimes, National Stockyards, Ill.; Indianapolis Abattoir Co.; local purchases at our plant, Frederick, Md.; green and sweet pickled meats bought from western packers, through local and western brokers; local packing houses; Armour & Co.; Swift & Co.; Morris & Co.; Cudahy Packing Co.; Wilson & Co.

Lamb: Local purchases at our plant, packers' branches in Washington.

Veal: Local purchases at our plant, few from packers' branches, Washington.

Poultry: Local commission houses, local farmers at Washington, H. Aaron Sons, Chicago.

Eggs: M. L. Brown & Co., Chicago; Bowman & Co., Chicago; De Sota Creamery & Produce Co., Minneapolis, Minn.; local farmers at Washington; local farmers at Frederick, Md.

Fish: Boy State Fishing Co., Boston, Mass.; Chesebro Bros., New York; Charles C. Robbins, Chicago, Ill.; Ontario Fish Co., Sandusky, Ohio; fish dealers, Ocean City, Md.; local fish dealers, Washington, D. C.

Fruits and vegetables: Commission buyers, New York; commission buyers, Baltimore; commission buyers, Washington; local brokers, Washington; local farmers, Washington.

Butter: G. W. Bull & Co., Chicago, Ill.; Hunter, Walton & Co., Chicago, Ill.; Sugar Creek Creamery Co., Watseka, Ill.

Groceries: Local brokers selling for producers, local branches of manufacturers, travelling salesmen, factories direct.

All of the foregoing representing: Austin, Nichols & Co., New York; Arguimbau & Ramee, New York; California Packing Corporation; California Fruit Growers' Association; American Sugar Refining Co.; Pennsylvania Sugar Refining Co.; Warner Sugar Refining Co.; Franklin Sugar Refining Co.; Van Loan & Co., New York; Curtis Bros. Co.; H. J. Heinz Co.; Jos. Campbell Co.; Van Camp Products Co.; Borden's Condensed Milk Co.; Washburn-Crosby Co.; Glen Ullen Roller Mills; Loose-Wiles Biscuit Co.; C. A. Gambrill Manufacturing Co.; Postum Cereal Co.; Kellogg's Toasted Corn Flakes Co.; Rumford Chemical Co.; Royal Baking Powder Co.; P. J. Ritter Co.; J. B. Inderieden Co.; Quaker Oats Co.; Braunling Coffee Co.; Walter Baker Co.; Hershey Chocolate Co.; Portland Packing Co.; Wm. Wilver Co.; Corn Products Co.; White Star Canning Co.; C. F. Sauer & Co.; National Match Co.; Diamond Match Co.; The Pompano Co.; Hawaiian Pineapple Co.; Seaboard Rice Milling Co.; Proctor & Gamble Co.; Kruikshank Bros.; National Fruit Products Co.

No. 8.

[Certified copy, Old Dutch Market (Inc.), A. W. Mandell, Secretary.]

Old Dutch Market bought of Armour & Co., 1-5 Center Market, Washington, D. C., 82 pounds of loin at 35 cents; amount, \$28.70.

No. 9.

	Weight, pounds.	Price per pound.	Sale.
Porterhouse.....	20.1	\$0.45	\$9.23
Sirloin.....	21.5	.45	9.68
Sirloin tip.....	5.8	.48	2.64
Flank steak.....	1.13	.40	.72
Flank (hamburger).....	7.7	.25	1.85
Kidney.....	1.0	.25	.25
Kidney fat.....	23.1	.06	1.39
Bones.....	1.0	.00½	.01
Shrink.....	.13		
	82.0		25.69

Loin cost, 82 pounds, at 35 cents, \$28.70; net loss, \$3.01.

No. 10.

If steaks from this loin were sold at the following prices:

	Weight, pounds.	Per cent.	Selling price per pound.	Result.
Porterhouse.....	20.1	24.5	\$0.60	\$12.06
Sirloin.....	21.5	25.0	.55	11.83
Sirloin tip.....	5.8	6.7	.55	3.19
Flank steak.....	1.13	2.2	.50	.57
Hamburger.....	7.7	9.1	.30	2.31
Kidney.....	1.0	1.2	.30	.30
Fat.....	23.1	23.1	.06	1.39
Bone.....	1.0	1.2		.01
Shrink.....	.13	1.0		
	82.0	100		37.60

Cost per hundredweight, \$35; profit, \$2.49, or 6.6 per cent.

No. 11.

LOIN OF BEEF PURCHASED FROM ARMOUR & CO. ON AUG. 8, 1919. INVOICE ATTACHED.

Loin, 82 pounds, at 35 cents, \$28.70, trimmed as follows:

	Weight.	Price.	Result.
Flank steak.....	1.13	\$0.40	\$0.72
Hamburger steak.....	7.7	.30	2.31
Kidney.....	1.0	.25	.25
Fat.....	23.1	.06	1.39
Bones.....	1.0	.00½	.01
Shrink.....	.13		
	35.2		4.60

Total weight of loin.....	82.00
Total weight of trimmings.....	35.20
Net weight of prime meat.....	46.14
Total cost of loin.....	\$28.70
Value of trimmings.....	4.60
Cost of prime meat.....	24.10

Cost of trimmed loin, 51½ cents per pound.

Loin of beef, 82 pounds at 35 cents.

	Weight.	Per cent.	Selling price.	Result.
Porterhouse.....	20.1	24.5	\$0.46	\$11.27
Striploin.....	21.5	26.0	.45	11.70
Striploin tip.....	5.8	6.7	.48	3.22
Flank steak.....	1.13	2.2	.40	.68
Flank (hamburger).....	7.7	9.1	.25	2.31
Kidney.....	1.0	1.2	.25	.30
Kidney fat.....	23.1	28.1	.06	1.69
Bone.....	1.0	1.2	‡	.01
Shrink.....	.13	1.0		
	82.0	100		31.38

No. 12.

The following are the average wholesale prices of beef realized by Swift & Co. from sales to the trade in the city of Washington for the 13 weeks ending August 9, 1919, as published in the newspapers:

Week ending—	Price per hundredweight.	Week ending—	Price per hundredweight.
May 17.....	\$22.82	July 5.....	\$18.79
May 24.....	21.80	July 12.....	19.34
May 31.....	20.72	July 19.....	19.85
June 7.....	20.10	July 26.....	19.49
June 14.....	18.53	Aug. 2.....	17.44
June 21.....	18.95	Aug. 9.....	19.65
June 28.....	19.55		

SWIFT & Co.

No. 13.

UNITED STATES DEPARTMENT OF AGRICULTURE, BUREAU OF MARKETS.

[Room 311, Bourse Building, Philadelphia, Pa. Telephone, Lombard 4573.]

Live-stock report daily, Friday, August 8, 1919—Estimated receipts to-day at 10 markets.

	Hogs.	Cattle.	Sheep.	Calves.	Holdover hogs.
Chicago, Ill.....	9,000	5,500	12,000	800	4,487
Kansas City, Mo.....	1,800	2,200	2,000	500	567
Omaha, Nebr.....	2,500	800	19,000		857
East St. Louis, Ill.....	4,000	800	1,000	200	2,135
St. Joseph, Mo.....	1,600	800	2,500	100	
St. Paul, Minn.....	3,300	1,100	3,300	300	
Indianapolis, Ind.....	7,000	800	200	300	
Buffalo, N. Y.....	2,080	250	400	800	
Pittsburgh, Pa.....	1,000	50	300	150	
Sioux City, Iowa.....	700	100			

Live-stock market report August 8, 1919—Chicago, 11.30 a. m.; Kansas City, 12 m.; Omaha, 12 m.—eastern time.

Hogs.—Chicago market: Very few hogs sold or bids placed on account of walkout of packing-house employees and partial paralysis of transportation service; sales made steady to unevenly lower; morning, top \$22.50.

Kansas City: Market generally steady; extreme close mean and sharply lower.

Omaha: Market mostly 15 to 25 cents higher; no choice grades included.

‡ Through clerical error this price originally appeared as \$17.70.

	Chicago.	Kansas City.	Omaha.
Top.....		\$22.00	\$21.25
Bulk of sales.....		\$21.00-21.90	\$20.40-20.80
Heavy weight (250 pounds up).....		21.75-22.00	20.50-20.80
Medium weight (200-250 pounds).....		21.50-22.00	20.75-21.25
Light weight (150-200 pounds).....		21.00-22.00	20.75-21.00
Light lights (130-150 pounds).....		20.50-21.50	
Heavy packing sows (250 pounds up) smooth.....		20.00-20.50	20.40-20.80
Packing sows (200 pounds up) rough.....		19.50-20.00	20.00-20.00
Pigs (130 pounds down).....			
Stock pigs (130 pounds down).....		16.00-20.00	18.00-20.00

Cattle.—Chicago: Market slow; steady to unevenly lower; top, \$18.75; local killers doing very little.

Kansas City: Market on beef and butcher cattle uneven; generally strong to 15 cents higher; calves mostly 25 cents higher; feeders quiet and steady; prime heavy steers due yesterday, in to-day at \$18.90; wintered grassers, \$16.70.

Omaha: Market on good and choice corn feds fully 25 cents higher; 1,200-pound lot, \$17.75; yearlings, \$17.40; common and medium, steady; westerns, mostly steady; stockers and feeders, nominal.

Thursday's closing quotations follow:

	Chicago.	Kansas City.	Omaha.
Beef steers, 1,100 pounds up:			
Choice and prime.....	\$17.40-\$19.25	\$17.00-\$18.90	\$16.25-\$18.00
Good.....	14.75-17.50	15.00-16.90	15.00-16.00
Medium.....	13.00-14.75	13.00-14.90	13.25-15.25
Common.....	10.50-13.00	10.75-12.90	12.00-13.50
Light weight, 1,100 pounds down:			
Choice and prime.....	16.25-18.75	16.25-18.25	15.50-17.50
Medium and good.....	12.50-16.25	12.50-16.15	13.25-15.75
Common.....	9.75-12.50	9.40-12.35	11.50-13.00
Butcher cattle:			
Heifers.....	7.40-15.00	6.75-14.15	8.25-13.00
Cows.....	7.25-14.50	6.50-12.35	8.50-12.00
Bulls.....	8.50-12.50	6.50-9.50	7.50-11.00
Canners and cutters:			
Cows and heifers.....	6.00-7.25	5.50-6.40	6.75-7.50
Canner steers.....	6.10-9.50	6.75-9.00	
Veal calves:			
Light and handy weight.....	18.50-19.50	13.50-15.00	12.00-13.50
Heavy weight.....	8.25-14.00	7.00-12.75	7.50-12.00
Feeder steers:			
Heavy weight (1,000 pounds up).....	9.25-13.50	10.50-13.25	11.00-14.00
Medium weight (800 to 1,000 pounds).....	8.25-12.75	19.15-13.00	10.00-13.25
Light weight (800 pounds down).....	8.00-11.75	9.50-12.60	8.00-12.00
Stocker steers:			
Cows and heifers.....	7.00-11.00	6.50-11.00	7.50-11.00
Calves—			
Good and choice.....	9.50-11.00	8.00-10.50	8.75-10.00
Common and medium.....	8.00-9.50	6.00-7.75	7.50-8.75
Western range cattle, beef steers:			
Good and choice.....	13.50-16.50		12.50-15.25
Common and medium.....	9.00-13.50		9.25-12.50
Cows and heifers, medium, good, and choice.....	8.75-13.25		7.50-10.50

Sheep.—Chicago market: Practically no trading on account of labor situation; few sales of native lambs about steady; city butcher paid \$16.50 per choice sorted load. No westerns sold.

Kansas City: Market generally steady; top natives, \$16; quality lacking; no westerns on sale; bulk of run feeders and lambs direct to packers.

Omaha: Market on lambs 10 to 15 cents higher; sheep and feeders firm; top fat lambs, \$16.35; no choice sheep included.

Thursday's closing quotations:

	Chicago.	Kansas City.	Omaha.
Lambs:			
¾ pounds down.....	\$13.75-\$17.25	\$12.00-\$16.00	\$14.75-\$16.35
Culls and common.....	9.00-13.25	8.00-12.00	10.00-13.50
Yearling wethers.....	9.75-12.50	9.00-11.75	10.00-11.75
Wethers.....	8.50-11.00	8.50-10.00	8.25-10.25
Ewes.....	7.25-9.00	5.25-9.25	7.00-8.75
Culls and common.....	2.75-6.75	3.00-5.00	3.50-7.00
Breeding ewes, full mouths to yearlings..	8.50-14.75	9.50-15.00	8.00-13.50
Feeder lambs.....	12.00-14.50	12.75-14.50	12.00-14.75

Above quotations are for shorn offerings.

JOHN A. BURGESS,
Local representative.

No. 14.

Opening and closing wholesale prices Western dressed fresh meat for week ending
August 8, 1919.

	Monday, August 4.	Friday, August 8.		Monday, August 4.	Friday, August 8.
PHILADELPHIA.			NEW YORK.		
Steers:			Steers:		
Choice.....	\$24.00		Choice.....	\$25.00	
Good.....	\$21.00-23.00	\$21.00-\$23.00	Good.....	\$22.00-24.00	\$20.00-\$23.00
Medium.....	18.00-20.00	16.00-19.00	Medium.....	16.00-19.00	15.00-19.00
Common.....	14.00-16.00	12.00-15.00	Common.....	13.00-16.00	12.00-14.90
Cows:			Cows:		
Good.....	16.00-17.00		Medium.....	13.00-15.00	12.00-14.00
Medium.....	14.00-15.00		Common.....	11.00-13.00	10.00-12.00
Common.....	13.00-14.00	10.00-12.00			
Hulls, common.....	11.00-12.00	10.00-11.00	Bulls:		
Lambs:			Medium.....		12.00-14.00
Choice.....	26.00-28.00		Common.....	12.00-13.00	10.00-12.00
Good.....	25.00-26.00	25.00-26.00	Lambs:		
Medium.....	22.00-24.00	22.00-24.00	Choice.....	24.00-26.00	25.00-27.00
Common.....	18.00-22.00	18.00-22.00	Good.....	22.00-24.00	22.00-25.00
Mutton:			Medium.....	20.00-22.00	17.00-20.00
Good.....	18.00-20.00	16.00-18.00	Common.....	15.00-18.00	13.00-16.00
Medium.....	16.00-18.00	14.00-16.00	Yearlings, medium.....	18.00-19.00	18.00-19.00
Common.....	14.00-16.00	12.00-14.00	Mutton:		
BOSTON.			Good.....	17.00-18.00	
Steers:			Medium.....	16.00-17.00	14.00-16.00
Choice.....	24.00-25.00	24.00	Common.....	14.00-16.00	12.00-14.00
Good.....	23.00-24.00	22.00-23.00			
Medium.....	19.00-21.00	18.00-20.00	CHICAGO.		
Common.....	15.00-18.00	16.00-17.00	Steers:		
Cows:			Choice.....		24.00-25.00
Good.....	16.00-17.00	16.00-17.00	Good.....	21.50-23.50	22.00-24.00
Medium.....	14.00-15.00	15.00-15.50	Medium.....	17.00-20.50	17.00-21.00
Common.....	12.50-14.00	14.00-15.00	Common.....	13.00-16.00	11.50-15.00
Bulls:			Cows:		
Good.....	13.00-14.00	14.00-15.00	Medium.....	14.00-16.00	13.00-15.00
Medium.....	12.00-13.00	12.00-13.00	Common.....	12.00-14.00	11.00-12.50
Common.....	11.00-12.00	10.00-11.00	Bulls, common.....	10.50-12.00	10.00-12.00
Lambs:			Lambs:		
Choice.....	26.00-27.00	26.00-27.00	Choice.....	28.50-30.00	28.00-30.00
Good.....	25.00-26.00	25.00-26.00	Good.....	26.50-28.00	26.00-28.00
Medium.....	20.00-23.00	20.00-23.00	Medium.....	22.00-25.00	22.00-25.00
Common.....	15.00-20.00	15.00-20.00	Common.....	17.00-20.00	17.00-20.00
Yearlings:			Yearlings, medium.....		18.00-19.00
Good.....		17.00-18.00	Mutton:		
Medium.....		14.00-16.00	Good.....		17.00-18.00
Common.....		12.00-14.00	Medium.....	16.00-17.50	15.50-17.00
Mutton:			Common.....	13.00-15.00	13.00-15.00
Good.....	18.00	17.00-18.00			
Medium.....	15.00-16.00	14.00-16.00			
Common.....	12.00-14.00	10.00-14.00			

All lambs and mutton round dressed "pluck out."

Opening and closing wholesale prices Western dressed fresh meat for week ending
August 8, 1919—Continued.

	Monday, August 4.	Friday August
VEAL.		
Philadelphia:		
Good.....	\$18.00-20.00	\$17.00-18.00
Medium.....	16.00-18.00	12.00-14.00
Common.....	14.00-16.00	10.00-12.00
New York: ¹		
Choice.....	24.00-26.00	24.00-26.00
Good.....	22.00-24.00	22.00-24.00
Medium.....	20.00-22.00	18.00-20.00
Common.....	18.00-20.00	15.00-17.00
Boston:		
Medium.....	12.00-15.00	12.00-14.00
Common.....	10.00-12.00	9.00-11.00
Chicago: ¹		
Choice.....	28.00-30.00	29.00-31.00
Good.....	26.00-28.00	27.00-29.00
Medium.....	19.00-25.00	22.00-28.00
Common.....	14.00-18.00	15.00-22.00
PORK CUTS.		
Philadelphia:		
Loins—		
8-10 pound average.....	37.00-38.00	35.00-36.00
10-12 pound average.....	36.00-37.00	33.00-34.00
12-14 pound average.....	33.00-35.00	30.00-31.00
14 pounds over.....	25.00-30.00	25.00-28.00
Shoulders, New York style—Skinned.....	27.00-29.00	27.00-28.00
Butts, Boston style—boneless.....	30.00-33.00	29.00-34.00
New York:		
Loins—		
8-10 pound average.....	35.00-37.00	34.00-36.00
10-12 pound average.....	34.00-35.00	32.00-34.00
12-14 pound average.....	32.00-33.00	29.00-31.00
14 pounds over.....	29.00-31.00	25.00-28.00
Shoulders, New York style—Skinned.....	27.00-28.00	24.00-25.00
Picnics—6-8 pound average.....	25.00-26.00	23.00-24.00
Butts—		
Boneless.....	34.00-35.00	32.00-33.00
Boston style.....	29.00-31.00	28.00-29.00
Boston:		
Loins—		
8-10 pound average.....	36.00-37.00	34.00-35.00
10-12 pound average.....	36.00-37.00	33.00-34.00
12-14 pound average.....	32.00-33.00	31.00-31.00
14 pounds over.....	28.00-30.00	27.00-29.00
Picnics—		
4-6 pound average.....	26.00-27.00	25.50-26.00
6-8 pound average.....	25.00-26.00	25.00-25.00
8 pounds over.....	24.00-25.00	24.00-25.00
Chicago:		
Loins—		
8-10 pound average.....	33.00-37.00	35.00-38.00
10-12 pound average.....	31.00-34.00	33.00-36.00
12-14 pound average.....	29.00-32.00	30.00-33.00
14 pounds over.....	27.00-29.00	27.00-30.00
Shoulders, New York style—Skinned.....	26.00-29.00	26.50-28.00
Picnics—		
4-6 pound average.....	25.00-27.00	25.00-27.00
6-8 pound average.....	24.50-26.50	24.50-26.00
8 pounds over.....	23.50-25.50	23.50-25.00
Butts—		
Boneless.....	32.00-33.00	33.00-36.00
Boston style.....	28.00-30.00	29.00-33.00

¹ Veal prices "hide on" at New York City and Chicago.

JOHN A. BURGESS,
Local Representative.

No. 15.

REVIEW OF THE BUTTER MARKET FOR THE WEEK AUGUST 2 TO AUGUST
9, 1919.

General conditions.—Outside events have taken a hand in influencing the butter market the past week. Last week's review men

tioned the fact that Chicago, New York, Boston, and Philadelphia markets each reported being affected by agitation on the—

High cost of living.—This sentiment gained strength over the week end and resulted in a nervous slump in prices on Tuesday of 1 cent to $1\frac{1}{2}$ cents. This break, however, was apparently not warranted by conditions, and the recovery was immediate. Receipts show little change over last week's figures, consumptive demand continued good, and there was a quick resumption of export buying at the return of lower prices. The total business from this source has been considerable. Purchases at New York were not heavy, but Boston reports sales of from 6 to 7 cars to the British Ministry of food, while rumor has it that some 10,000 tubs were purchased at Chicago and points west for the same clients. Most of the butter taken has been of 88, 89, and 90 score and has been bought at around a 51–52 cents price. Railroad strikes were beginning to seriously upset receipts and shipments the latter part of the week, but was reported at the close Friday that the striking shopmen were returning to work as a result of the President's appeal and the outlook was better. "Into storage movement" has been as last week, and as the same week last year. "Out of storage movement" has been light.

Production, quality, grades, etc.—There has been a general shortening of production, but rains in many sections and cooler weather have improved conditions. The percentage running to undergrades is still very high. Heated lots and shipments showing acidity and summery flavor are much in evidence. Higher-scoring lots met the firm demand recently noted, but poorer grades have also cleared better than for some time past. This is especially true of 87, 88, and 89 point "centralized" cars, which have again sold close up to standard cars. This is likely traceable to the active export demand for these grades.

Market trend, prices, etc.—The markets closed last week easy and unsettled. Prices were unchanged on Saturday and also on Monday except at Chicago and Philadelphia, which were quoted $\frac{1}{2}$ of 1 cent lower. All were down from 1 to $1\frac{1}{2}$ cents on Tuesday. New York and Boston gained $\frac{1}{2}$ of 1 cent on Wednesday, and Chicago, Boston, and Philadelphia each made a further gain on Thursday. There was but little further change on Friday, and the markets closed just about steady. Ninety-two score was quoted at $53\frac{1}{2}$ cents at Chicago, $\frac{1}{2}$ of 1 cent higher than Monday's price, $54\frac{1}{2}$ cents at New York, 1 cent lower than Monday's price, and $55\frac{1}{2}$ cents at both Boston and Philadelphia, which was half a cent lower than the Monday price in both cases.

Receipts for the week from Saturday to Friday, inclusive for the four markets, total 159,874 tubs as compared with 172,951 tubs for last week, a decrease of 13,077 tubs. Portland and San Francisco report 7,110 cubes this week as against 6,998 cubes last week.

Cold storage holdings were increased 2,846,076 pounds on the above four markets as compared with an increase of 2,570,494 pounds last week. Portland and San Francisco and Seattle holdings were increased 39,631 pounds as compared with 71,604 pounds increase reported for last week.

Wholesale prices of 92 score fresh creamery butter week of Aug. 2 to 9.

Cities.	Aug. 4.	Aug. 5.	Aug. 6.	Aug. 7.	Aug. 8.	Aug. 9.
New York.....	55½	54	54½	54½	54½	
Chicago.....	53	52-52½	52½	53½	53½	
Philadelphia.....	56	55	55	55½	55½	
Boston.....	56	54½	55	55½	55½	

GEORGE LIVINGSTON,
Acting Chief of Bureau

No. 16.

Daily egg market report No. 439.

RECEIPTS OF EGGS BY CITIES.¹

Cities.	Receipts, Friday, August 8.	Weekly comparisons (Mon-Fri. inc.).			Since March 1.	
		This week.	Last week.	Past year.	1919	1918
New York.....	13,188	99,529	104,415	71,900	3,965,049	3,162,
Chicago.....	10,458	49,138	57,106	62,802	3,658,833	3,133,
Philadelphia.....	2,891	23,931	24,104	21,000	1,092,553	80½,
Boston.....	4,181	22,833	26,183	21,772	1,177,315	1,122,
Total.....	35,708	195,531	211,808	177,564	9,881,752	8,225,
San Francisco.....	1,750	10,798	9,718	.....	410,026	.....
Portland.....	646	2,009	1,456	.....	116,033	.....

COLD STORAGE MOVEMENT OF EGGS.¹

	Into storage.	Out of storage.	On hand.	On han last year
New York.....	1,355	871	1,216,443	999,
Chicago.....	998	1,397	1,875,278	1,535,
Philadelphia.....	442	377	289,468	201,
Boston.....	509	920	460,349	455,
Total.....	3,304	3,565	3,840,533	3,251,
San Francisco.....	165	303	116,516	.....
Portland.....	.....	229	39,570	.....
Seattle, August 7.....	.....	88	49,837	.....

SUPPLY OF FRESH AND STORAGE EGGS ON THE MARKET.¹

Cities.	Monday, August 4.	Tuesday, August 5.	Wednes- day, August 6.	Thurs- day, August 7.	Friday, August 8.	Saturday, August 9.	Year a- to-day
New York:							
Fresh.....	77,861	79,891	83,693	84,254	79,918	84,498	81,0
Storage.....	4,857	4,862	6,278	4,604	1,471	6,330	.....
Total.....	82,718	84,753	89,971	88,858	81,389	90,828	.....
Chicago, fresh.....	35,426	46,411	40,146	39,408	39,870	48,809	42,5
Philadelphia, fresh.....	17,482	18,522	18,787	15,808	15,441	15,362	15,4
Boston, fresh.....	31,216	33,122	30,610	31,128	31,828	31,173	31,1
Total.....	166,842	182,808	179,514	175,202	168,528	186,162	170,2
San Francisco, fresh.....	.....	4,016	3,652	4,279	4,574	4,413	.....
Portland, fresh.....	2,154	2,134	2,155	2,514	2,408	1,887	.....

¹ All figures on this report are in terms of 30 dozen cases.

GEORGE LIVINGSTON,
Acting Chief of Bureau.

No. 17.

Old Dutch Market retail food price index.

	December, 1914.	December, 1915.	December, 1916.	December, 1917.	December, 1918.	July, 1919.
Meats:	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Wool, 1-pound loaf.....	4	4	5	7	9	9
Wool, regulated, 1 pound.....	5	6	7½	9½	9	10
Wool, Gold Medal, pound.....	4	4	5½	6½	6½	7½
Meats:						
Condensed, can.....	10	10	14	19	16	16
Evaporated, tall.....	7½	9	12	15	13	14
Evaporated, small.....	3½	4½	6	8	6½	7
Evaporated, standard, 2½s.....	7	8	12	16	81	14
Evaporated, standard, 2½s.....	7	7	11	14	18	13
Evaporated, Early June.....	8	7	11	12	15	13
Evaporated, beans, Campbell's.....	9	9	12	18	14	13
Evaporated, meal, 1 pound.....	3	4	4	6	8	6
Evaporated, meal, 1 pound.....	3	4	4	8	8	5
Evaporated, meal, 1 pound.....	9	8	9	12	13	15
Evaporated, meal, 1 pound.....	5	4	5	8	8	6
Evaporated, meal and spaghetti, bulk, 1 pound.....	8	8	10	13	15	13
Evaporated, meal, small, 1 pound.....	6	5	7	10	10	10
Evaporated, meal, red Alaska, can.....	15	15	18	22	28	30
Evaporated, meal, can.....	8	9	10	12	10	10
Evaporated, beans, best, 1 pound.....	6	8	9	19	12	15
Evaporated, beans, dried, 1 pound.....	8	8	9	22	15	12
Evaporated, can, bottle.....	9	9	10	12	15	15
Evaporated, can.....	10	10	11	15	13	15
Evaporated, cakes (Quaker) package.....	5	7	7	8	10	9
Evaporated, peas, 1 pound.....	6	8	7	16	10	15
Evaporated, peas, 1 pound.....	6	7	6	12	10	13
Evaporated, peas, 1 pound.....	4	6	7	13	12	7
Total.....	175	188	230	332	322	314
Meats:						
Evaporated, 1 pound.....	18	18	20	27	35	35
Evaporated, 1 pound.....	16	14	14	24	30	28
Evaporated, (soup meat) 1 pound.....	12	12½	12½	18	20	20
Evaporated, Percheron steak, 1 pound.....	24	24	22	35	50	48
Evaporated, steak, 1 pound.....	22	22	20	32	48	45
Evaporated, steak, 1 pound.....	20	18	18	32	46	45
Evaporated, steak, 1 pound.....	18	14	14	24	30	28
Evaporated, hamburger steak, 1 pound.....	14	12½	12½	22	30	30
Evaporated, steak, 1 pound.....	8	8	9	18	16	16
Total.....	152	143	142	232	305	294
Meats:						
Evaporated, 1 pound.....	16	15	20	32	38	42
Evaporated, 1 pound.....	14	12½	16	30	33	35
Evaporated, pork chops, lean.....	18	14	18	34	40	42
Evaporated, pork chops, loin.....	18	18	22	38	45	48
Evaporated, pork roast, lean.....	16	13	18	32	38	40
Evaporated, pork roast, center.....	18	16	21	35	43	45
Evaporated, pork shoulders.....	14	12½	16	26	30	30
Evaporated, pork shoulders.....	16	15	20	32	40	40
Evaporated, hams, whole.....	16	15	22	34	38	40
Evaporated, hams, sliced.....	25	26	35	48	60	60
Evaporated, shoulders.....	14	12	18	27	30	32
Evaporated, bacon, sliced.....	24	22	25	44	52	45
Evaporated, sausage.....	12½	15	18	27	30	28
Total.....	124	11	19	30	30	33
Meats:						
Evaporated, 1 pound.....	10	10	13	26	28	32
Total.....	242	227	301	495	575	592
Meats:						
Evaporated, (Oleo).....	22	22	25	30	37	38
Evaporated, first grade.....	37	33	42	55	77	63
Evaporated, dozen.....	32	28	38	42	66	52
Evaporated, (cream).....	20	22	26	32	45	38
Total.....	111	105	131	159	225	191
Meats:						
Evaporated, 1 peck.....	15	23	50	38	37	60
Evaporated, 1 peck.....	10	12	20	40	40	40
Evaporated, 1 peck.....	15	15	20	70	60	60
Evaporated, yellow.....	2	2	3	4	3	10
Evaporated, head.....	5	5	10	10	15	10
Evaporated, new.....	½	1	4	4	10	5
Total.....	47	58	107	166	165	185
Grand total.....	727	721	911	1,384	1,592	1,576

Wholesale prices of 92 score fresh creamery

the periodical

Cities.	Aug. 4.	Aug. 5.
New York.....	55 1/2	54
Chicago.....	53	52-52 1/2
Philadelphia.....	56	
Boston.....	56	

	Decem- ber, 1917.	Decem- ber, 1918.	Jan 19
Per cent.	Per cent.	Per cent.	Per cent.
31.4	89.7	84.0	
6.5	52.6	100.6	
24.3	104.5	137.6	
18.0	43.2	102.7	
127.6	253.1	251.0	
25.3	90.3	119.1	

Daily

RECEIPT

OLD DUTCH MARKET (INC.)

JULY 28, 1916

New York.....
Chicago.....
Philadelphia.....
Boston.....

Total.....

San Francisco.....
Portland.....

New York.....
Chicago.....
Philadelphia.....
Boston.....

To

San Fr.....
Portl.....
Seattl.....

Dry salt.	Average.	Base Sept lbs.
Rough ribs.....	30-35 35-40 40-45 45-50 50-55 55-60 60-70 70-20	30 ov 20 ov 15 ov 10 ov 5 ov Sept. pri 10 unde 20 unde
Kx. short ribs.....	35-45	1
Kx. short clears.....	35-45	1
Plates (reg.).....	6-8	1
Clear plates.....	4-6	1
Jowl butts.....		1
Fat backs.....	8-10 10-12 12-14 14-16 18-20 20-25	1 1 1 1 1 1
Clear bellies.....	12-14	1
Square cut.....	14-16 18-20 20-25 25-30 30-35 35-40 40-45	1 1 1 1 1 1 1
Rib bellies.....		1 unde

or Chicago freight:

put in carload lots.

Per lb

.....	\$25.5
.....	24.4
.....	24.6
.....	23.6
.....	22.6
.....	21.6
.....	24.5
.....	26.5
.....	25.5
.....	22.5

Average price.

per day.....	\$9.77
per week ago.....	9.55
per same day year ago.....	6.72

CROSS, ROY & SAUNDERS,
630 Postal Building, Chicago.

AUGUST 3, 1917.

- quote nominal market basis, f. o. b. Chicago or Chicago freight:

	Average.	Green.	Pickled.	Dry salt.	Average.	
.....	8-10	21	20	Rough ribs.....	.....	(¹)
.....	10-12	21½	20½	Extras.....	.....	22½
.....	12-14	21½	20½	Plates.....	.....	20½
.....	14-16	22	20½	Clear plates.....	.....	19½
.....	16-18	22	21	Jowl butts.....	.....	18½
.....	18-20	22½	21½ up.	Fat backs.....	.....	13½
.....	16-18	23½	22½	.....	8-10	20½
.....	18-20	23½	22½	.....	10-12	20
.....	20-22	22½	22	.....	12-14	20½
.....	22-24	22½	21½	.....	.....	.....
.....	24-26	.....	21½	.....	14-16	20½
.....	25-30	.....	21	.....	18-20	20½
.....	4-6	16½	16½	Clear Bellies.....	12-14	25
.....	6-8	16½	16½	.....	14-16	24½
.....	8-10	16½	16	.....	18-20	24½
.....	10-12	.....	.....	.....	20-25	24½
.....	6-8	29	28	.....	25-30	24½
.....	8-10	28	27½	.....	30-35	(¹)
.....	10-12	27½	27	Rib bellies.....	.....	lc. under
.....	12-14	27	26	.....	.....	clear.

¹ Wire for prices.

S. P. Mts. quoted are choice new cure.

CROSS, ROY & SAUNDERS,
630 Postal Building, Chicago.

AUGUST 2, 1918.

We quote nominal market basis f. o. b. Chicago or Chicago freight.

	Average.	Green.	Pickled.	Dry salt.	Average.	Basis September ribs.
.....	8-10	28½	28½	Rough ribs.....	.....	Off 5
.....	10-12	28½	28	.....	.....	Off 7½
.....	12-14	27½	27½	.....	.....	Off 25
.....	14-16	27½	27½	.....	.....	Off 50
.....	16-18	27½	27½	Plates.....	6-8	19½
.....	18-20	27½	27½	Clear plates.....	3-5	18
.....	18-20	29	28½	Jowl butts.....	.....	17½
.....	20-22	28½	28½	Extras.....	.....	.....
.....	22-24	28½	28	Fat back.....	8-10	23
.....	24-26	27½	27½	.....	.....	23½
.....	25-30	27½	27½	.....	.....	23½
.....	4-6	21½	21½	.....	.....	24
.....	6-8	19	19	Clear bellies.....	12-14	26½
.....	8-10	17½	17½	.....	14-16	26
.....	10-12	17½	17½	.....	18-20	25½
.....	6-8	30	38	.....	20-25	25½
.....	8-10	37	37	.....	25-30	25½
.....	10-12	35½	35	.....	30-35	.....
.....	12-14	33	32½	Rib bellies.....	.....	Less 1

Barreled pork.

Family back pork, 25-25	-----
Pit back pork, 30-40	-----
Pit back pork, 40-50	-----
Pit back pork, 50-60	-----
Pit back pork, 60-70	-----
Pit back pork, 70-80	-----
Pit back pork, 80-100	-----
Shoulder cut clear, 25-35	-----
Shoulder cut clear, 30-40	-----
Boss pork	-----
Boss with pork	-----

CROSS, ROY & SAUNDERS,
630 Postal Building, Chicago

[United States Food Administration License No. G-03435.]

AUGUST 1, 1917

We quote nominal market basis f. o. b. Chicago or Chicago freight:

	Average.	Green.	Pickled.	Dry salt.	Average.
Flames	4-10		54	Kouch ribs	
	10-12	15	54	Flares	6-8
	12-14	15	54	Clear plates	
	14-16	15	54	Jowl butts	
	16-18	15	54	Extras	
	18-20	15	54	Fat backs	8-10
Skinned hams	16-18	36	None		10-12
	18-20	36	None		12-14
	20-22	36	54		14-16
	22-24		54		15-20
	24-26		54	Clear bellies	12-14
	26-30		54		14-16
Picnics	7-8	15	54		18-20
	8-9	24	54		20-25
	9-10	24	54		25-30
	10-12		54		30-35
Clear bellies	7-9	14	54	Rib bellies	
Square cut and seedless	9-10	36	54		
	10-12	35	54		
	12-14	34	54		

¹ Ask for prices.

CROSS, ROY & SAUNDERS,
630 Postal Building, Chicago

[United States Food Administration, Licenses No. G-03435.]

No. 19.

JULY, 1917

To stockholders:

No much of interest has happened during the past six months that it deemed desirable to send you a special report at this time to acquaint you with the progress and present condition of the business.

The following statement shows the growth of our operations from the first year, 1908, up to the present:

Year.	Sales.	Net profit.	Year.	Sales.	Net profit.
1908	\$99,548.50	\$2,527.41	1913	\$854,716.13	\$21,425
1909	144,330.12	3,794.48	1914	989,422.73	22,062
1910	255,894.68	3,618.80	1915	1,335,884.42	40,987
1911	279,504.95	14,794.76	1916	167,495.25	48,154
1912	649,266.72	22,302.18	1917 ¹	1,112,659.40	61,069

¹ January to June.

We call your special attention to the fact that for the first six months of our sales almost equal the total sales for the year 1915, and the net profits for the first six months of this year are 50 per cent larger than the net profits for the year 1915.

The largely increased percentage of profit shown for the first half of 1917, compared with any previous period, raises the question of working margins: are we charging too much for our goods?

In this connection we show you in the following table our percentage of net profit on retail sales for the months of January to June, inclusive, in the years 1916 and 1917:

	January.	February.	March.	April.	May.	June.	General average.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
.....	18.90	19	17.80	16.70	17.20	16.00	17.60
.....	17.60	18	17.30	18.30	17.30	15.60	17.30

We will observe that the margin of gross profit for the first six months of 1917 was smaller than for the same period 1916.

The very greatly increased volume of sales enabled us to make a material reduction in our operating cost, as shown by the following table comparing percentage of operating cost for the first six months of 1916 with the same period 1917.

	Jan.	Feb.	Mar.	Apr.	May.	June.	Average.
	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>
.....	15.20	16	15.90	15.20	16.70	18	16.18
.....	14.60	14.10	14.60	12.80	13.90	13.70	13.95

From these two tables we get a third as follows:

	Profit on sales.	Cost to operate markets.	Net profit.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
January to June, 1916.....	17.60	16.16	1.44
January to June, 1917.....	17.30	13.95	3.35

The net result is: Gross profits reduced three-tenths of 1 per cent; operating expenses reduced 2.2, or 1 per cent; net profits increased almost 2 per cent.

This saving in operating cost gave us increased net profits from the markets of approximately \$22,000.

Corresponding savings were made in the expense accounts of the wholesale departments, so that each department has been able to make a substantial net profit for the period.

Of course, in the wholesale grocery department the net profits were much lower, by reason of the greatly increased value of stocks on hand.

The point we want to emphasize is this: That the very fine showing made in net profits was primarily due to economies practiced in the operation of the business. These economies in turn were made possible by the largely increased sales. We are following a very aggressive sales policy, which, briefly stated, consists in working for the largest possible volume of sales at small margins. The low operating expense resulting from large volume of business gives us a good, safe net margin. This policy is proving very popular and practically every market is doing a capacity business.

There is every indication that we will enjoy a large business for the remainder of the year. Several new markets are planned for the Washington city territory, one of which begins business to-day. In about one month we will open at Frederick, Md., our first out-of-town market, and thus inaugurate a new phase of development, which we expect to turn out very well, and we hope for rapid development in that field.

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Our books were audited by Marwick, Mitchell, Peat & Co., of New York, certified accountants, and the figures below are taken from their report:

Financial statement balance sheet, May 5, 1917.

RESOURCES.	
Cash	\$41, 167
Accounts and notes receivable	22, 756
Inventories	227, 978
Real estate and improvements, including branch markets	281, 817
Good will	500, 000.
	<hr/> 1, 123, 720.
LIABILITIES.	
Capital:	
Preferred stock	360, 000. 00
Common stock	500, 000. 00
	<hr/> 860, 000.
Bills payable	137, 500.
Accounts payable	37, 890.
Surplus	88, 329.
	<hr/> 1, 123, 720.

The new capital put in the business last January and February was quick absorbed in our merchandising operations, and our directors now have under consideration the offering for sale of the \$140,000 preferred stock in the treasury. Their decision in this matter will be reached during the next month, and you will be advised promptly of it.

In the meantime we shall be glad to have an expression of opinion from you on this proposal or any other question raised in your mind by the above report.

Respectfully submitted.

President.

OLD DUTCH MARKET (INC.),
Washington, D. C., February 2, 1918.

To Stockholders:

You received a report in July, 1917, covering very fully the activities of the business for the first half of 1917, and a further report in November analyzing the business and results up to October 31, so there is not much left to add in this annual report.

The year 1918 was the tenth year of our business life. So we reproduce herewith for you again the sales and profit record for each year from our beginning in the year 1908:

Year.	Sales.	Net profit.	Year.	Sales.	Net profit.
1908	\$99, 548. 50	\$2, 527. 41	1913	\$554, 716. 18	\$21, 425. 4
1909	144, 330. 12	3, 794. 48	1914	989, 422. 73	22, 062. 0
1910	255, 894. 68	8, 618. 87	1915	1, 335, 838. 42	40, 987. 0
1911	379, 504. 95	14, 794. 76	1916	1, 673, 495. 25	48, 154. 4
1912	649, 526. 72	22, 302. 18	1917	2, 493, 179. 20	110, 063. 4

You will observe that, as compared with the year 1915, our 1917 sales were almost double, while the profits were almost three times those of 1915.

I want you to note the development of the business in five-year periods:

Year.	Sales.	Profit.
1908	\$99, 548. 50	\$2, 527. 41
1912	649, 526. 72	22, 302. 18
1917	2, 493, 179. 20	110, 063. 49

These figures give a record that needs no commenting on.

Another interesting subject for the stockholders is a comparison of operating costs and working margins. Study the following table of operating costs and percentage of gross profit for each month of the years 1916 and 1917, with the increase or decrease in the third column.

Cost to operate markets.

	1916	1917	Decrease.		1916	1917	Decrease.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>		<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
January.....	15.20	14.60	0.60	August.....	18.90	15.60	3.30
February.....	16.00	14.10	1.90	September.....	17.20	13.90	3.30
March.....	15.90	14.60	1.30	October.....	16.00	12.50	3.50
April.....	15.20	12.80	2.40	November.....	16.50	13.00	2.60
May.....	16.70	13.90	2.80	December.....	15.70	13.70	2.00
June.....	18.00	13.70	4.30	Average.....	16.50	13.90	2.60
July.....	18.20	14.80	3.40				

Gross profit on retail sales.

	1916	1917	Decrease.		1916	1917	Decrease.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>		<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
January.....	18.90	17.60	1.30	September.....	17.20	16.50	.80
February.....	19.00	18.00	1.00	October.....	19.50	7.00	2.50
March.....	17.80	17.30	.50	November.....	18.50	16.50	2.00
April.....	16.70	18.80	1.60	December.....	18.70	16.00	2.10
May.....	17.20	17.30	.10	General average.....	17.80	16.80	1.00
June.....	16.00	15.60	.40				
July.....	16.40	15.30	1.10				
August.....	16.20	16.10	.10				

I call your attention to the fact that our operating cost in 1917 was 13.90 per cent, as compared with an operating cost of 16.50 per cent for the year 1916, showing a decreased operating cost of 2.6 per cent for the year.

In connection with this decreased operating cost, it is interesting to note that our gross profit on retail sales was 16.8 per cent for the year 1917, as against 17.80 per cent for the year 1916, or a decrease of 1 per cent in the gross profits.

As the operating cost decreased 2.6 per cent and the gross selling margin 1 per cent, the net result is an increased profit of 1.6 per cent on the retail sales.

The company's financial condition and strength has kept pace with the growth of the business, as shown by the following balance sheet:

*Financial statement—Balance sheet, Dec. 29, 1917.***Resources:**

Cash.....	\$57,075.61
Liberty bonds, war savings stamps, life insurance.....	12,851.48
Accounts and notes receivable.....	29,518.95
Inventories.....	325,644.23
Real estate and improvements, including branch markets.....	356,610.64
Good will.....	500,000.00
Total	1,281,700.91

Liabilities:**Capital—**

Preferred stock.....	\$432,000.00
Common stock.....	500,000.00
	932,000.00
Bills payable.....	205,000.00
Accounts payable.....	26,193.97
Surplus.....	118,506.94

Total..... **1,281,700.91**

With the largely increased population in Washington there is every reason to expect that during the year 1918 we shall continue to have an increase in

volume of sales and a reasonable net profit. We have thus far been able to accommodate ourselves to the new conditions created by the Federal control of the food business, the enormously higher price level, and the radically changed and changing labor conditions.

Yours, very truly,

J. A. WHITFIELD, *President.*

No. 20.

Article.	Cost price May 1, 1919.	Cost price Aug. 21, 1919.	Percent- age of increase.
No. 3 tomatoes, dozen.....	\$1.50	\$1.80	20
Evaporated milk, dozen, 1#.....	1.50	1.70	12
Condensed milk, dozen.....	1.25	1.50	11
Ivory soap, 100 to case.....	6.50	8.00	23
Lima beans, bulk, pound.....	.09 $\frac{1}{2}$	.12 $\frac{1}{2}$	32
Pea beans, bulk pound.....	.07 $\frac{1}{2}$	.09	20
White corn meal.....	3.75	4.25	13
Kirkman's soap.....	6.25	7.50	20
Red Alaska salmon, dozen, 1#.....	2.50	3.40	36
Karo syrup, dozen, 10#.....	8.16	8.75	7
Rice, fancy, pound.....	.09	.13 $\frac{1}{2}$	50
Quaker Oats, dozen.....	1.07	1.25	17
Wegar, gallon jars.....	.43	.50	16
Peanut butter, pound.....	.12	.15 $\frac{1}{2}$	29
Coffee, green, pound.....	.22	.30	36
Crisco, pound.....	.28 $\frac{1}{2}$	.35	23
Puffed rice, dozen, 5-ounce.....	1.29	1.50	16
Average increase.....			17

¹ 10-ounce.

² 15-ounce.

No. 21.

UNITED STATES FOOD ADMINISTRATION,
Washington, D. C., August 30, 1919.

Mr. J. A. WHITFIELD,

Old Dutch Market, Washington, D. C.

DEAR MR. WHITFIELD: Our attention is called to your advertisement in last evening's Star wherein you quote your prices in comparison with the official fair price list. It is believed that you should not again offer an advertisement of this kind to the public. In a sense you minimize the efforts of the price interpreting board, and at the same time these comparisons, when in your favor, greatly revert to your interest. By no means, should you offer quotations on sugar and wheat flour. The same rule that was put into effect early in the year, relative to these two commodities, still stands.

A copy of this letter and the advertisement is being handed to Federal Food Administrator, Clarence R. Wilson.

We would appreciate having an early reply from you.

Yours, very truly,

UNITED STATES FOOD ADMINISTRATION.
By GEO. E. LIGHTY.

No. 22.

OLD DUTCH MARKET,
Washington, D. C., September 4, 1918.

Mr. GEO. E. LIGHTY,

United States Food Administration, Washington, D. C.

DEAR MR. LIGHTY: Your letter of August 30 was delayed somewhat and was just received to-day. Beg to advise we have discontinued the use of the fair price list in our advertising, instructions to that effect having been issued Tuesday, September 3, but not in time to stop the ads of that date.

We are very glad at any time to do anything the Food Administration wants us to do, and it is our desire to make only fair use of official statements and rulings.

Yours, very truly,

OLD DUTCH MARKET (INC.).

(Thereupon at 4:30 o'clock p. m. the committee adjourned until to-morrow, Thursday, August 14, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

THURSDAY, AUGUST 14, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON THE
DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met pursuant to adjournment at 2 o'clock p. m. in the committee room, Capitol, Senator L. Heisler Ball presiding.
Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Present also: Mr. Thomas W. Miller.

TESTIMONY OF MR. EDWARD G. YONKER OF THE SANITARY GROCERY CO.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. What is your full name?

Mr. YONKER. Edward G. Yonker.

Mr. MILLER. Where is your place of business?

Mr. YONKER. 52 O Street NW., Washington, D. C., and 115 other locations in the District and immediate suburbs.

Mr. MILLER. Have you a list of those locations with you?

Mr. YONKER. Yes, sir.

(The list referred to above is copied into the record in full, as follows:)

SANITARY BRANCH STORES.

1. Eleventh and H Streets NE.
2. First and Rhode Island Avenue NW.
3. 1424 Seventh Street NW.
4. Mount Pleasant and Lamont Streets.
5. Seventh and D Streets SW.
6. 3119 M Street NW.
7. Fifth and G Streets NW.
8. Twentieth and Rhode Island Avenue NE.
9. Fifteenth and P Streets NW.
10. Georgia Avenue and Lamont Street.
11. North Carolina Avenue and Eleventh Street SE.
12. Seventh and Pennsylvania Avenue SE.
13. 3418 M Street NW.
14. Hyattsville, Md.
15. Eighth and Maryland Avenue NE.
16. Four-and-a-half and N Streets SW.
17. 2414 Eighteenth Street NW.
18. Twentieth and H Streets NW.
19. Eastern Market.
20. Sixth and H Streets NE.
21. Third and A Streets NE.
22. Mount Rainier, Md.

23. Convention Hall Market.
24. Second and C Streets SE.
25. 164 Tennessee Avenue NE.
26. Second and F Streets NW.
27. Takoma Park, D. C.
28. Fourteenth and Irving Streets NW.
29. 2100 Fourteenth Street NW.
30. North Capitol and K Streets.
31. Ninth and Eye Streets NW.
32. First and P Streets NW.
33. 1634 North Capitol Street.
34. 207 Thirteenth Street SE.
35. Kensington, Md.
36. Georgia Avenue and Upshur Street.
37. 1434 E Street SE.
38. 2035 Nichols Avenue SE.
39. Third and K Streets SE.
40. Twentieth and N Streets NW.
41. Fifteenth and H Streets NE.
42. Twelfth and Jackson Streets NE.
43. Third and R Streets NW.
44. Sixth and L Streets NE.
45. Eighteenth and U Streets NW.
46. Wisconsin Avenue and O Street.
47. Twenty-second and Pennsylvania Avenue NW.
48. Eighth and Eye Streets SE.
49. 700 Irving Street NW.
50. Thirtieth and P Streets NW.
51. Ninth and M Streets NW.
52. Fourteenth and Perry Place NW.
53. Chesapeake Junction.
54. Seventh and H Streets SW.
55. Tenleytown, D. C.
56. Riverdale, Md.
57. Eleventh and Q Streets NW.
58. Fourteenth and Corcoran Streets NW.
59. Clarendon, Va.
60. Seventh and Florida Avenue NW.
61. 1726 Columbia Road.
62. Cherrydale, Va.
63. 2514 L Street NW.
64. Third and Massachusetts Avenue NW.
65. Thirteenth and M Streets NW.
66. Sligo, Md.
67. Twelfth and New York Avenue NW.
68. Four and one-half and G Streets SW.
69. 1719 Pennsylvania Avenue NW.
70. 2418 Nichols Avenue SE.
71. 2710 Eleventh Street NW.
72. Georgia Avenue and Quincy.
73. Fourteenth and A Streets SE.
74. Tenth and Pennsylvania Avenue NW.
75. 626 King Street, Alexandria, Va.
76. 2306 Pennsylvania Avenue SE.
77. Closed; building demolished.
78. Thirteenth and D Streets NE.
79. Fourth and B Streets NE.
80. Fourteenth and Good Hope Road SE.
81. Georgia Avenue and Jefferson Street.
82. 1229 King Street, Alexandria, Va.
83. Georgia Avenue and Park Road.
84. Fourteenth and Newton Streets NW.
85. 4728 Fourteenth Street NW.
86. Twelfth and Douglas Streets NE.
87. 8416. Eleventh Street NW.
88. 1340 G Street SE.

90. Seventeenth and R Streets NW.
91. 138 U Street NE.
92. 601 Massachusetts Avenue NE.
93. No. 2 Conduit Road.
94. Bennings, D. C.
95. 927 Four-and-a-half Street SW.
96. 2737 Nichols Avenue SE.
97. 3132 Eleventh Street NW.
98. 3058 Mount Pleasant Street NW.
99. Eighth and H Streets NE.
100. 3033 Eleventh Street NW.
101. 318 M Street NW.
102. 500 Twelfth Street SE.
103. 1018 Eighteenth Street NW.
104. 107 Upshur Street NW.
105. Twentieth and K Streets NW.
106. 635 Florida Avenue NE.
107. Fifth and L Streets NW.
108. 911 Eleventh Street SE.
109. Second and G Streets NE.
110. First and H Streets NW.
111. 216 Four-and-a-half Street SW.
112. Thirty-fifth and O Streets NW.
113. 1001 New York Avenue NW.
114. 700 Columbia Road NW.
115. 2538 Wisconsin Avenue.
116. Bethesda, Md.
117. Arcade Market.

Mr. YONKER. May I make a little explanation? I was called here from the Sanitary Grocery Co. I want to explain that the John C. Letts Grocery Co. (Inc.) owns and operates a business in connection with ours, only there is one set of accounts; so in speaking I speak for both.

Chairman BALL. Both for the wholesale and the retail?

Mr. YONKER. Yes, sir; practically it is one concern. Mr. Letts is the man that can give you the information you want; I will give you all I can. I am vice president of the John C. Letts Grocery Co. Mr. Letts is out of the city for the entire month.

Mr. MILLER. What is the capital stock of the Sanitary Grocery Co.?

Mr. YONKER. The capital is \$100,000 with the surplus.

Mr. MILLER. Are you incorporated in the District of Columbia?

Mr. YONKER. We are incorporated in the State of Virginia.

Mr. MILLER. How long have you been doing business?

Mr. YONKER. Ten years.

Mr. MILLER. Were you capitalized 10 years ago at \$100,000?

Mr. YONKER. No; the company was capitalized originally at \$75,000 and increased four years ago to \$100,000.

Mr. MILLER. Do you handle both groceries and meats?

Mr. YONKER. We handle only groceries. The only meats we handle are small quantities of package bacon.

Mr. MILLER. What price do you pay for that bacon in the original package?

Mr. YONKER. Fifty-seven cents a pound at this time.

Mr. MILLER. From whom do you get your bacon?

Mr. YONKER. Swift & Co.

Mr. MILLER. Exclusively?

Mr. YONKER. I think that is the only place where we are buying at this time; yes, sir.

Mr. YONKER. Beans to-day are worth \$8.75. I think I paid \$7 per hundred for the last carload.

Mr. MILLER. Coffee?

Mr. YONKER. Coffee costs us to-day 38 cents a pound roasted.

Mr. MILLER. Canned corn?

Mr. YONKER. Canned corn is bought on the basis of \$1.30 a doz

Mr. MILLER. Tomatoes?

Mr. YONKER. Tomatoes cost us \$1.67; that is one lot.

Mr. MILLER. And cheese?

Mr. YONKER. Cheese costs about \$1.37.

Chairman BALL. Where do you buy your canned goods?

Mr. YONKER. They are bought almost everywhere; that is, various sections—New York, Maryland, and New Jersey.

Chairman BALL. You buy everywhere you can and get the class goods you want?

Mr. YONKER. Wherever they are offered; yes, sir.

Mr. MILLER. Where do you get your eggs?

Mr. YONKER. We get all our eggs here in the city.

Mr. MILLER. Where do you go to get them?

Mr. YONKER. They are sold by the dealers, the commission dealers on Louisiana Avenue. They are sold by the packing houses. I bought a great many from Swift & Co. and some from Armour, refrigerator eggs.

Chairman BALL. Do you get them from the packers?

Mr. YONKER. They are coming in now. They are known as cold storage stuff. They have been carried in refrigerator cars.

Chairman BALL. You would not term them cold-storage eggs?

Mr. YONKER. They are not cold-storage eggs at this present moment; no, sir.

Mr. MILLER. Where do you get your butter?

Mr. YONKER. All from Swift & Co.

Mr. MILLER. Where do you get your cheese?

Mr. YONKER. The cheese is bought from three or four different sources in Wisconsin. We sometimes buy some here from the packers Swift & Co. and Morris.

Mr. MILLER. How about your poultry?

Mr. YONKER. We do not handle poultry.

Chairman BALL. Do you buy your butter from the creamery?

Mr. YONKER. No; we buy it from Swift & Co. They have their own creameries.

Mr. MILLER. What was your total amount of business for the year 1918?

Mr. YONKER. \$5,034,000, in round numbers.

Mr. MILLER. And your net profits on that business?

Mr. YONKER. The net, after reserving for Federal income taxes etc., was \$85,000. That is net after the income taxes are deducted.

Mr. MILLER. Maybe we can get at what we want by just having this data that you there put into the record.

Mr. YONKER. I want to qualify those last two. The taxes have not been deducted from those in the last two years. Of course, in other years they were paid.

Chairman BALL. Your profit was not as much last year as it was in 1917?

Mr. YONKER. No, sir.

Chairman BALL. Your percentage of profit in 1918, according to this statement, was the same as in 1913. Was the reason for that the large income tax?

Mr. YONKER. No, sir; that is all figured after the taxes are deducted.

Chairman BALL. The taxes are not deducted?

Mr. YONKER. They are not deducted in that. Do you wish them deducted? They should be to get the net.

Chairman BALL. In 1913 your net profits were a little over \$32,000. In 1918 your net profits were \$195,637. Yet your percentage is reduced to 3.8.

Mr. YONKER. It is. Do you want to change it? It should be changed according to the net that was left us, I presume.

Mr. MILLER. You change it.

Senator CAPPER. You mean after deducting the income tax?

Mr. YONKER. Yes; after deducting the income taxes.

Senator CAPPER. Do you think the income taxes should be counted in?

Mr. YONKER. No, sir; I do not. I just want to know how to handle this.

Chairman BALL. The income tax is a tax on your profits. I do not think they ought to be deducted.

Senator CAPPER. As I take it, the theory of the Government was that every man should pay his part of the cost of the war, according to his profits.

Mr. YONKER. That is merely a copy taken from the Treasury report.

Senator CAPPER. When you deduct your income taxes, of course, that is counted in in arriving at your percentage of profit. It simply means that you pass on to the consumer your part of the cost of the war.

Chairman BALL. I do not think the revenue taxes should be deducted from that, because the larger your percentage of increase the larger amount would be paid. In that event it would give us practically no idea of what the profits were. The excess profits may be 80 per cent, yet that would not give us any idea of what we want. We want the profits in this business.

Mr. YONKER. Well, it is offered, then, as the gross without any deduction for Federal taxes, etc.

(The memorandum referred to is copied into the record in full, as follows:)

Year.		Sales.	Gross profit.	Gross profit, per cent.	Net profit.	Net profit, per cent.	Average net profit per store.
1911.....	28	\$561,312.60	\$79,244.27	14.1	\$6,366.18	1.2	(1)
1912.....	29	608,115.60	93,537.51	15.4	6,202.15	1.0	\$312.86
1913.....	31	843,724.30	141,747.47	16.8	32,001.72	3.8	1,032.31
1914.....	35	1,157,279.45	207,792.87	17.9	62,509.42	5.4	1,811.69
1915.....	56	1,443,798.31	239,251.72	16.5	60,850.00	4.2	1,046.61
1916.....	76	2,024,147.16	324,283.29	16.0	91,145.49	4.5	1,199.28
1917.....	96	3,557,969.48	553,437.47	15.5	210,001.87	5.9	2,187.52
1918.....	102	5,034,451.25	692,173.07	13.7	195,637.75	3.8	1,918.01

¹ Loss.

Chairman BALL. You said you retailed bacon. You gave us the wholesale price, but you did not give us your retail price.

Mr. YONKER. We are retailing mostly for accomodaiton; prices have been going up and up, and we carry it in the stores greatly as an accommodation.

Chairman BALL. What is your wholesale price?

Mr. YONKER. Fifty-seven cents a pound.

Chairman BALL. What is your retail price?

Mr. YONKER. Sixty cents a pound.

Mr. MILLER. One of the Senators desires to know whether that \$100,000 capital is actually paid in.

Mr. YONKER. Absolutely; yes, sir.

Senator ELKINS. How much surplus have you?

Mr. YONKER. As I told you a while ago, Mr. Letts is not here, and I give you this information as closely as I can. There is a surplus close to \$250,000; \$244,000 to be exact, I think.

Senator SHEPPARD. Have you given the locations of your various houses?

Mr. YONKER. Yes, sir.

Senator CAPPER. Did you give the price that you paid on Sugar, Mr. Yonker?

Mr. YONKER. Yes; 924.4.

Senator CAPPER. What is the condition of the sugar market right now? Are you having difficulty in getting enough to supply your trade?

Mr. YONKER. Yes; sugar is very scarce and hard to get. One or two of the refineries have been closed down and others are working on half time.

Senator CAPPER. You are not limiting the quantity you sell to your customers?

Mr. YONKER. Yes; we are limiting each customer to a two-pound purchase, simply to get the goods distributed.

Senator CAPPER. There is not enough then for the supply?

Mr. YONKER. Absolutely, not enough, not half enough.

Chairman BALL. Is that condition general throughout the United States?

Mr. YONKER. I think it is worse elsewhere than in Washington.

Chairman BALL. I understood that in some places they would sell all the sugar a customer wanted.

Mr. YONKER. We could do that for possibly half a day.

Chairman BALL. Is the amount of sugar that you can get limited?

Mr. YONKER. Yes; it is limited to the orders we have placed. You can not place an order with a refinery to-day for a sugar shipment in either August or September. There is not a refiner that will take an order. That was brought about by the marine strike, and by the fact that 90 per cent of the jobbers did not lay in their supply of sugar to take care of the demand when it came on.

Senator CAPPER. Are not large quantities of sugar being imported to foreign countries?

Mr. YONKER. I understood there were. I do not know. There has been a terrible time in the sugar business. Up to the 1st of June you could place an order to-day and probably have it shipped day after to-morrow. All the time the refiners were begging the people to buy sugar. The shortage was coming and they would not be able

take care of the demand on account of the production, and it did ~~not~~. The marine strike cut off all the supplies of raw sugar for ~~a~~ time being. They were thrown altogether on what they had in New York. One or two refiners, the Federal, at least, and possibly ~~one~~ or two others, were forced to close down for lack of raw material. Others were working on a 50 per cent basis. It is impossible to place an order for sugar to-day. You can not get anybody to take an order, even for an August or September shipment, or any time later, and the man who runs out and is not fortunate enough to have had a lot of sugar at least six weeks or two months ago has not any chance of getting sugar. They are from one to two months behind in filling their orders on the books.

Senator CAPPER. I see that in Chicago Monday the food commissioner fixed a fair price of 12 cents a pound on sugar.

Mr. YONKER. I do not understand that. In Chicago the rate from New York on which the price of sugar is based is considerably higher than in Washington. I noticed the 12-cent rate, and I noticed another statement in which it was made 11 cents. I think 11 cents must be correct.

TESTIMONY OF CHARLES R. KENGLA, JR., OF SHIRLEY MARKET.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. What is your full name?

Mr. KENGLA. Charles R. Kengla, jr.

Mr. MILLER. Where is your place of business?

Mr. KENGLA. Shirley Market, 2012 P Street NW.

Mr. MILLER. You have no other establishment?

Mr. KENGLA. No, sir.

Mr. MILLER. What is the total amount of capital invested in your business?

Mr. KENGLA. About \$30,000.

Mr. MILLER. You are not incorporated?

Mr. KENGLA. No, sir.

Mr. MILLER. Do you handle groceries and meats?

Mr. KENGLA. I handle meats, but no groceries; meats and vegetables; a few canned goods—not enough to be mentioned. My mixed-goods business will not amount to \$100 a year.

Mr. MILLER. What vegetables do you handle?

Mr. KENGLA. Fresh vegetables.

Mr. MILLER. You buy them direct from the farmers?

Mr. KENGLA. No. I buy some in Washington and some in New York, wherever I can get them.

Mr. MILLER. Through the produce exchanges?

Mr. KENGLA. Yes; through the commission men in New York and the commission men here.

Mr. MILLER. But you do not buy any direct from the farmers?

Mr. KENGLA. This time in the year my business is small. I buy a few from the farmers now, not very many.

Mr. MILLER. How do you arrive at a price to be paid the farmer for any produce you may buy direct from him?

Mr. KENGLA. I go to the market, and if I find anything that suits me I buy it and buy it at his price.

Mr. MILLER. You own your own place of business?

Mr. KENGLA. Yes, sir.

Mr. MILLER. How long have you been in business?

Mr. KENGLA. Ten years.

Mr. MILLER. During the past year how many employees have you had?

Mr. KENGLA. I had seven; three white men, three colored men and a bookkeeper.

Mr. MILLER. What is your average weekly pay roll?

Mr. KENGLA. About \$150, I would say.

Mr. MILLER. Have you advanced the wages of any of your employees within the past 12 months?

Mr. KENGLA. Yes, sir.

Mr. MILLER. How much have you advanced them?

Mr. KENGLA. Not in the last 12 months so much as I have in the last two years. My colored man I hired two or three years ago for \$8 or \$10 a week, and now I pay him \$18 or \$20. Men that I paid \$22 a week two years ago, I pay now \$35 a week. One man I paid \$14 a week two or three years ago, I pay \$25 a week now. Last fall I increased all my help. I always paid them all good salaries. Some of them I increased \$5 a week.

Mr. MILLER. Do you maintain a delivery service?

Mr. KENGLA. Yes, sir; absolutely.

Mr. MILLER. Are you prepared to tell us the expense of the upkeep of that service?

Mr. KENGLA. No, sir; I am not prepared to tell you. My bookkeeper is out of town and I tried to get that data and couldn't do it.

Mr. MILLER. Do you do a credit or a cash business.

Mr. KENGLA. Absolutely a credit business. My cash business is only about 8 per cent of my total business.

Mr. MILLER. Do you have many bad debts?

Mr. KENGLA. A few. I try to keep those down as much as I can but sometimes I do get a bad one.

Mr. MILLER. Can you give us an estimate of the cost of bookkeeping made necessary by reason of your doing a credit business?

Mr. KENGLA. I could not give you that information.

Mr. MILLER. Do you have a bookkeeper?

Mr. KENGLA. Yes, sir.

Mr. MILLER. How much do you pay that employee?

Mr. KENGLA. \$20 a week.

Mr. MILLER. Well, if you did a cash business you might be able to do away with that bookkeeper?

Mr. KENGLA. I could do away with her. I have stationery and passbooks. I have to have passbooks, that cost about 32 cents a piece now, and all my stationery and bills and different things. If I was doing a cash business I would not need any of them.

Mr. MILLER. What terms are your creditors allowed?

Mr. KENGLA. Sometimes they run four or five months. When they make good I let them go as long as they want to.

Mr. MILLER. From whom do you purchase your meats?

Mr. KENGLA. I buy all good pieces—six rib cuts, racks of lamb and hind saddles of lamb, loins of ham. Sometimes I buy in the western houses, but they do not sell cut pieces, and I very seldom buy there.

Mr. MILLER. Give us the names of the people from whom you buy?

Mr. KENGLA. Sometimes I buy from Swift & Co., when I buy whole lambs or saddles, and I buy from Armour.

Mr. MILLER. Do you go to Baltimore?

Mr. KENGLA. I do not buy anything in Baltimore. I buy short loins and ribs in New York occasionally when this market is not good. I have to have the very best grade of goods that can be bought.

Mr. MILLER. How do you get them over here?

Mr. KENGLA. They are shipped over by fast freight.

Mr. MILLER. From whom do you purchase what groceries you sell?

Mr. KENGLA. I do not sell any groceries.

Mr. MILLER. What did you pay for beef from the wholesalers last week?

Mr. KENGLA. I did not buy any beef. My place has been closed for five weeks for repairs.

Mr. MILLER. Can you go back and give us information previous to that? Can you go back five weeks and give us any idea of the prices?

Mr. KENGLA. Forty-five cents for short loins, 38 cents for rib pieces.

Mr. MILLER. You do not buy carcass beef, then?

Mr. KENGLA. No; I have not had a whole carcass of beef in my place since Christmas, and that was the first one I had in there for three years. I bought a prize bullock at Christmas. I have some of the corned beef yet and can not get rid of it.

Mr. MILLER. Explain why you do not buy any carcasses.

Mr. KENGLA. I can not sell the fore quarter; that is the reason why. I would handle them if I could, but I can not handle them because I can not sell the rough ends. I can not sell the fore quarter. I sell the rib of it and that is all.

Senator DIAL. Would it be any economy for the customer to buy the fore quarter or would he buy too much bone? Is that the reason they refuse to buy it?

Mr. KENGLA. I do not know how they would use it. I could not answer that.

Senator SHEPPARD. Do you sell to the hotels?

Mr. KENGLA. No, sir; absolutely retail.

Senator SHEPPARD. To private people?

Mr. KENGLA. Private people; yes, sir.

Senator SHEPPARD. To the householders?

Mr. KENGLA. To the householders.

Senator CAPPER. What is the highest price per pound you have gotten for steaks?

Mr. KENGLA. Last season the highest price I got was 65 cents.

Senator SHEPPARD. How many places of business have you?

Mr. KENGLA. Only one.

Senator SHEPPARD. Where is it located?

Mr. KENGLA. 2012 P Street, just below Dupont Circle.

Mr. MILLER. When you buy these cuts how do you calculate your profit to reach the selling price to the consumer?

Mr. KENGLA. I figure on about 20 or 25 per cent profit. You see there is a lot of waste. I have to buy my beef a week ahead of time

in order to age it, and when I do it there is a lot of waste from it. It costs me about 20 per cent to do business, and my net profit is between 5 and 6 per cent.

Mr. MILLER. What percentage of loss do you calculate between the weight of beef you buy from the wholesalers and the weight of beef you sell over the counter to your customers?

Mr. KENGLA. I only buy short loins; small pieces.

Mr. MILLER. Is there any wastage you figure on there?

Mr. KENGLA. I buy half a beef and sometimes there is a good deal of fat in it that I have to trim off, and I age my beef, and when I do that there are two ends I have to trim off. Off a loin of beef that will weigh 28 pounds I trim 3 pounds in waste.

Senator SHEPPARD. Do you trim before you weigh?

Mr. KENGLA. I do that before I weigh, and sometimes, when it is real fat, I take some fat off before I weigh.

Chairman BALL. What do you do with your trimmings?

Mr. KENGLA. Sell them to the fat men.

Chairman BALL. What do you get for the trimmings?

Mr. KENGLA. I think they are paying 3 cents per pound now, maybe a little more. They raised it in the last two or three weeks. I have not had any to offer, but they come by to see me. Last winter, I believe, I was getting a little bit more than that; I do not just remember.

Senator SHEPPARD. It was testified here a few days ago that they got 9 cents a pound for fat, Mr. Chairman.

Mr. KENGLA. That must have been last winter. I guess we get more. I do not remember ever getting 9 cents. That was suet, though.

Chairman BALL. I was surprised when you said you got only 3 cents a pound.

Mr. KENGLA. I got only 3 cents a pound up until two or three weeks ago.

Chairman BALL. You do not sell all that fat, do you? A part of it you use?

Mr. KENGLA. The bone we get a cent a pound for, and there is a lot of bone.

Chairman BALL: How much waste would you say there was in a half of beef?

Mr. KENGLA. I really do not know; I could not tell you, because I do not have a half of beef in my place.

Chairman BALL. You could not give us any idea as to the loss that you would have in a half that would weigh, say, 250 pounds?

Senator SHEPPARD. He testified that he did not buy halves; he buys the smaller cuts only.

Mr. KENGLA. I buy the prime cuts.

Senator SHEPPARD. You only have your waste, then, in the cuts as you trim them?

Mr. KENGLA. That is all; yes, sir.

Senator SHEPPARD. Do you know about what percentage of loss you have in trimmings, etc.?

Mr. KENGLA. On a 28-pound loin, that is a short loin in a good-sized piece, I would say I would get a pound and a half off one end and a pound off the other end, about four pounds of waste that I would get a cent a pound for, some of it, and whatever the fat price

is for the fat I take out, the suet. There is a good deal of waste in my business. I have to have it.

Mr. MILLER. What was your total volume of business in the year 1918?

Mr. KENGLA. Between \$94,000 and \$95,000.

Mr. MILLER. What were your net profits on that business?

Mr. KENGLA. Between \$5,000 and \$6,000, not including my rent on the store.

Mr. MILLER. Can you give us any definite figure?

Mr. KENGLA. Well, I would say about \$5,600.

Chairman BALL. Do you deduct your own wages from that?

Mr. KENGLA. I do not allow myself any wages. I own my own building and do not allow anything for that.

TESTIMONY OF G. C. ALTEMUS.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. What is your full name?

Mr. ALTEMUS. George C. Altemus.

Mr. MILLER. Where is your place of business?

Mr. ALTEMUS. 2440 Eighteenth Street NW.

Mr. MILLER. You have only one place of business?

Mr. ALTEMUS. Only one now; I had two in 1918.

Mr. MILLER. What is your total capital invested?

Mr. ALTEMUS. Would that include the building?

Chairman BALL. Are you incorporated?

Mr. ALTEMUS. No. About \$30,000.

Mr. MILLER. Now, coming to what you said about your building: Do you own your building?

Mr. ALTEMUS. Yes, sir.

Mr. MILLER. And that is included in your capitalization?

Mr. ALTEMUS. Yes, sir.

Mr. MILLER. Do you cater to any particular class of trade?

Mr. ALTEMUS. Yes, sir; we cater to the very best trade we can find.

Mr. MILLER. In the northwest section?

Mr. ALTEMUS. Yes, sir.

Mr. MILLER. How many employees have you?

Mr. ALTEMUS. Ten, just now.

Mr. MILLER. What is your average in employees—the total number?

Mr. ALTEMUS. I ran two stores up until last September. Then we had about 22. I sold one store last September, nearly a year ago. Since then we have had from 10 to 12 employees. Of course, this is the dull season now. In the winter we have two or three more.

Mr. MILLER. What is your weekly pay roll?

Mr. ALTEMUS. \$250, just at the present time.

Mr. MILLER. Have you raised the wages of your employees within the past twelve months?

Mr. ALTEMUS. Yes; to some extent; some of them.

Mr. MILLER. Tell the committee what your total pay roll was, dividing, of course, for your two stores, this time last year.

Mr. ALTEMUS. Just about double that. I had about twice as much help. We raised the pay of the help more a year and a half ago than we have the last year or two years. We had a big increase along

during the war. Chauffeurs we used to pay \$10 and \$12 a week we paid up as high as \$25; \$20 most of them, but several \$25.

Mr. MILLER. From what you say about chauffeurs, I take it you have a delivery service?

Mr. ALTEMUS. Four delivery cars.

Mr. MILLER. Can you tell the committee what that delivery service costs you, approximately?

Mr. ALTEMUS. I could not to the penny.

Mr. MILLER. No; but just approximately?

Mr. ALTEMUS. Including the chauffeurs' pay?

Mr. MILLER. Yes; if they are used for anything else but chauffeur work.

Mr. ALTEMUS. I would say \$500 a month; keeping those cars repair and buying tires and gasoline and chauffeurs' pay, between \$500 and \$600 a month.

Mr. MILLER. If you did not have that delivery service, how much of your trade do you figure, roughly, you might lose?

Mr. ALTEMUS. Two-thirds of it. We cater to people out in Cleveland Park and Chevy Chase, out in the country. Most of our business is out that way. I guess we make four or five deliveries out to Chevy Chase a day.

Chairman BALL. You do a cash business?

Mr. ALTEMUS. Cash and credit; mostly credit.

Mr. MILLER. What percentage of your business is credit business?

Mr. ALTEMUS. I would say three-quarters of it.

Mr. MILLER. On what terms?

Mr. ALTEMUS. Well, we try to hold them down to 30 days, but they run 60 days and 90 days. It depends on who it is as to how long they run. Of course, we get a lot of people who are perfectly good customers and we never ask them for any money; they send it whenever they get ready.

Chairman BALL. What percentage of your credit business do you cross off for bad debts?

Mr. ALTEMUS. I would say 2 per cent, sometimes not as much as that.

Chairman BALL. Not more than 2 per cent at any time?

Mr. ALTEMUS. No. I have had it run year in and year out around 1 per cent.

Mr. MILLER. From whom do you get your meats?

Mr. ALTEMUS. From most of the beef houses here—Swift, Armour, Wilson principally.

Mr. MILLER. Any others?

Mr. ALTEMUS. We buy some stuff from Phillips, such as sausage and meat in that line.

Chairman BALL. In your judgment, is there any real competition among the packers, or do they just have a fixed price?

Mr. ALTEMUS. Well, I would not say they had a fixed price. That depends on circumstances. These beef houses get piled up with beef and it needs selling. Then there is competition. They want to get rid of their stuff, but whenever things are working along smoothly they run pretty close together.

Chairman BALL. You do not think there is any distinct understanding that would indicate that they would cut prices when they get loaded up?

Mr. ALTEMUS. They would do that; yes, sir. I do not know about the understanding, but each one knows what the other is doing. I think each beef house knows how much stuff the other one has on hand and how much is coming in.

Chairman BALL. You think they get just whatever the market will bear?

Mr. ALTEMUS. Well, this beef is shipped here to them, and they get the cost on it, and that cost includes all charges against that beef—the charge of shipping it and selling it. It is all added in that cost. It is shipped here to them, and they get the cost, and it is up to their salesmen to do the best they can with it.

Senator SHEPARD. How much margin of profit do you figure on to meet your costs and expenses and give you a reasonable profit for yourself?

Mr. ALTEMUS. I figure we have to have 25 per cent to do the business the way we do it, and I have had expert accountants figure my business up for me every year. Last year we made a net profit of exactly 5 per cent, and in that 5 per cent were all costs of services for myself. I do not draw any salary and I do not charge any amount for the building.

Senator DIAL. What price did you place on the stock on hand?

Mr. ALTEMUS. The stock of merchandise?

Senator DIAL. Yes; cost price or what price?

Mr. ALTEMUS. Cost price.

Senator DIAL. You did that when you figured up to see where you stood?

Mr. ALTEMUS. I am mistaken about that. I would not say that. We take the market prices—what it would be worth that day. In some cases that would be over cost price. In some cases it would be under.

Mr. MILLER. Do you buy your beef in whole carcasses?

Mr. ALTEMUS. I buy hind quarters and ribs pretty much altogether.

Mr. MILLER. What percentage of waste do you figure on?

Mr. ALTEMUS. I buy the best beef I can find, and there is more shrinkage in that than there is in cheap beef. The fatter it is the better it is, and the more money we pay a pound for it the fatter the beef and the more it costs. It costs money to put that fat on it. Take a bullock that will weigh 300 pounds to 350 pounds thin. That bullock will weigh 550 pounds fat. Where you would get 10 per cent shrinkage in a thin bullock you would get 20 per cent in the same bullock fat.

Chairman BALL. You only buy hind quarters. What did you pay last week?

Mr. ALTEMUS. For top hind quarters we paid 32 cents per pound.

Chairman BALL. For a whole quarter?

Mr. ALTEMUS. Yes, sir.

Chairman BALL. From whom did you buy that?

Mr. ALTEMUS. From Wilson. I would not say last week, but within the last couple of weeks.

Chairman BALL. Are you paying more now than you did six months ago, or less?

Mr. ALTEMUS. I would say that for top cattle we pay about same. I do not think there is any difference in fine beef now from what it was six months ago.

Chairman BALL. You say you do not buy the cheaper meats, from your experience do you find that the cheaper meats are cheaper now than they were six months ago?

Mr. ALTEMUS. I am not prepared to answer that. I do not buy anything but the best beef I can. I see lots of poor beef around, but I never price it.

Senator CAPPER. What is the highest price at which you sold the best steaks this season?

Mr. ALTEMUS. Sixty cents..

Chairman BALL. Have you not charged more than 60 cents at a time?

Mr. ALTEMUS. No, sir.

Chairman BALL. That is what you are charging now, is it?

Mr. ALTEMUS. Yes, sir. I have paid as high as 44 cents for hind quarters in the last four or five months.

Chairman BALL. And still sold the best steaks at 60 cents a pound?

Mr. ALTEMUS. We do not change our price when the wholesale price varies a cent or two one way or the other.

Chairman BALL. The general trend of the testimony has been that the wholesale prices are down about 3 or 4 cents. You do not consider that a reduction of 3 or 4 cents in the wholesale price warrants a change in the retail price?

Mr. ALTEMUS. Let me call your attention to a list that I brought along that may be of interest to you. As to fine beef, as a general thing, in the last three or four months it has gone up 2 or 3 cents. The average price of beef may have gone down 2 or 3 cents, but they can do that with the cheap smaller percentage of beef, but not with other beef. If they ship a carload of beef that has 15 per cent fine cattle in it and 85 per cent poor cattle, it will bring the average way down, and if they have 40 per cent fine cattle and 60 per cent common cattle, the average will run up.

Chairman BALL. Testimony has been given before the committee that beef of the same character, the cheaper beef and the highest grade of beef, has gone down within the last six months.

Mr. ALTEMUS. I have not seen it.

Chairman BALL. You are here to state just what you know, of course.

Mr. ALTEMUS. Here is a bill of July 21, three hind quarters of beef, 333 pounds, at 32 cents.

Mr. MILLER. What is the date of that?

Mr. ALTEMUS. That is July 21; July 17 two hind quarters of beef, 32 cents. Here is one with strips of bacon at 49 cents.

Senator SHEPPARD. What date was that?

Mr. ALTEMUS. That is July 17; last month.

Chairman BALL. You have not any records for six months ago?

Mr. ALTEMUS. I have some, I think; yes, sir.

Senator SHEPPARD. I think you will do well to read those into the record. They are very interesting and should go into the record. I suggest that you read them.

Chairman BALL. That is a very good suggestion. Before you proceed—

Senator SHEPPARD. If this is going in the record, there is one bit of information that ought to be brought out clearly, and that is that these figures are for hind quarters only, as I understand your, Mr. Altemus?

Mr. ALTEMUS. That is correct, Senator, for loin quarters, hind quarters of beef, and lamb cuts. The lamb business is of as much importance, I would think, as the beef.

Senator SHEPPARD. Just state what it is as you read the various bills.

Mr. ALTEMUS. Six loins of pork, 55 pounds, at 45 cents a pound.

Senator SHEPPARD. Will you give the date of that?

Mr. ALTEMUS. That is July 16.

Senator DIAL. From whom did you purchase that?

Mr. ALTEMUS. That came from Wilson & Co. July 16, 37 pounds of rack lamb, 42 cents.

Mr. MILLER. Please give the date of that.

Mr. ALTEMUS. I gave the date, sir. It was July 16.

Mr. MILLER. Just go back and read the first two again so we will have the dates.

Senator SHEPPARD. He has given the dates.

Mr. ALTEMUS. Yes; I gave the date in each instance.

Chairman BALL. Proceed, Mr. Altemus.

Mr. ALTEMUS. July 18, four hind quarters of beef, 466 pounds, at 31 cents; five hind saddles of lamb, at 47 cents.

Mr. MILLER. From whom did you buy that?

Mr. ALTEMUS. From Wilson & Co. Five lamb racks, 24 pounds, at 40 cents. Six lamb racks, May 20, 22 pounds, at 50 cents.

Senator DIAL. From whom did you buy that?

Mr. ALTEMUS. Wilson & Co. These are pretty much all bought from Wilson & Co.

Senator SHEPPARD. Did you give the date of that last purchase?

Mr. ALTEMUS. Yes, Senator; May 20. May 10, three ribs of beef, at 84 cents. May 14, two ribs of beef, 38 pounds, at 30 cents. There is a difference in the price of beef—a difference of 4 cents a pound. But that 4 cents a pound difference is in the quality. Some days you will find ribs of beef extra fancy and the next day you can not find them as good as you want them, and so you have to buy just what you can get.

Senator SHEPPARD. What characteristic determines the quality? What determines the quality in the meat?

Mr. ALTEMUS. A bullock properly fed and finished and fattened and shaped up.

Senator SHEPPARD. How do you know that? Of course, you are experienced, and when you look at a piece of meat you are able to determine its quality, I have no doubt. What enables you to determine that it is an extra fine beef?

Mr. ALTEMUS. Its color.

Senator SHEPPARD. I am asking for information, of course.

Mr. ALTEMUS. The color and shape. A bullock that has been fattened and fed and killed at the right time will be round like a barrel, and the beef ought to show bright and not dark. The lighter color beef is, the better it is. A man becomes accustomed to that just the same as he can tell a good-looking man from one who is not so good looking.

Chairman BALL. What color is it, red?

Mr. ALTEMUS. It should be pink, and the pinker the better. The further away from red you can get, the better. I always want the light color. I have been buying beef for 21 years, and I am in these beef houses every morning of my life. You can go through the beef box and stand there and pick out two or three of the best cattle in there without touching them after you have had that much experience.

Chairman BALL. Is there not a film, as a rule?

Mr. ALTEMUS. That is on the outside, but not where it is quartered. The outside ought to be covered well, and the whiter the fat, the better.

Senator SHEPPARD. You say certain days you can not buy first-class or fancy meat?

Mr. ALTEMUS. Some days you will find cattle in a box that are extraordinary fancy. The next day you will find good cattle there, but not as high in quality as the day before.

Senator SHEPPARD. There will be a difference of 4 cents, according to your records there?

Mr. ALTEMUS. There will be a difference of about a cent in the cattle and 4 cents in the rib. That rib of beef only weighs about 11 per cent of the bulk.

Senator SHEPPARD. The point I want to bring out is whether you make that difference in your retail price, or do you have your regular price that you charge irrespective of the character of the particular meat you get that day?

Mr. ALTEMUS. We usually run ribs of beef at two prices. The very best ones, the very best cuts out of these ribs, sell at a slightly higher price than the other cuts. They have eight rib cuts. The first four are choice cuts. You get more for those than for the big end—the blade end.

Senator SHEPPARD. You have those best cuts, but my point is whether you charge the same for those best cuts?

Mr. ALTEMUS. Where there is any noticeable difference in them, we do. We have a few customers that run cafés, and I buy some little for them. They want good beef, too, but we give them beef of a little cheaper grade than the very best stuff. I do not mean poor beef there, but beef that is a little underprice.

Here are two ribs of beef at 36 cents a pound, May 10. There are six hind saddles of lamb, 98 pounds at 45 cents a pound; that is May 14. Here are two lambs, 73 pounds at 38 cents a pound; that is for the whole lamb. Here are two short loins, 77 pounds at 50 cents a pound; that is April 21. On April 15 there are two New York short loins at 50 cents a pound. On April 24 there are 22 pounds of veal at 35 cents a pound. On July 2 Swift's sliced bacon, 58 cents a pound.

Chairman BALL. That is as far back as you go with those; back to May, I believe?

Mr. ALTEMUS. Yes; back to May. Here is one in June.

Chairman BALL. That will do if you go back as far as May.

Mr. ALTEMUS. These prices run differently through the various months.

Chairman BALL. From your own figures back in May, beef was a little bit higher than it is now?

Mr. ALTEMUS. There was a little bunch there of some ribs that were higher, but the hind quarters of beef ran about the same.

Mr. MILLER. Mr. Altemus, the question has been suggested as to what you got for your lamb retail last week.

Mr. ALTEMUS. All cuts of lamb, do you mean?

Mr. MILLER. Yes.

Mr. ALTEMUS. They get 60 cents for the best tops, 50 cents for the blade end, tops 45 cents, and for legs of lamb 50 cents.

Mr. MILLER. You gave us your total capital investment, I believe?

Mr. ALTEMUS. I did give you the total capital invested; yes.

Mr. MILLER. And your net profits were \$5,600, were they not?

Mr. ALTEMUS. No. That was the net profit of the man who testified just ahead of me. I was not asked that question by you.

Mr. MILLER. Then I will ask it now. What were your total net profits on your volume of business?

Mr. ALTEMUS. You have not asked the volume of my business. However, I will state that it was \$171,000 in 1918, and it figured nearly 5 per cent net profit, or \$8,600. That was when I was running two stores.

Mr. MILLER. Can you give your volume of business for the first six months of this year?

Mr. ALTEMUS. I can not. I have a couple of pass books here, if you will be interested in them. I do not want to take up too much of your time, but perhaps these will be of interest to you. One of these pass books is that of a customer back in 1905 and the other in 1916, that I just happened to run across. What I want to show is that back in 1905 I noticed one item of lard that retailed at that time at 9 cents a pound. The lard then cost us $6\frac{1}{2}$ cents a pound. That gave us a profit of 30 per cent. In 1916, as shown by this other pass book, we were retailing lard for 22 cents a pound that cost us 17 cents, making a profit of 5 cents a pound on it, which figured a little under 30 per cent— $19\frac{1}{2}$ per cent profit per pound, to be more nearly exact.

That same lard costs us 38 cents a pound and we retail it at 45 cents a pound, which makes a profit of 16 per cent. In other words, we are getting 45 cents a pound to-day for the same lard that we sold in 1905 for 9 cents a pound. At that time we made a profit of 30 per cent, while to-day at 45 cents a pound we make a profit of 16 per cent. There are other things in these pass books that are of similar interest, hams and meat of all kinds, but not showing quite as much difference as there is in the item of lard, but pretty close to it.

Mr. MILLER. What other commodities do you handle besides meats?

Mr. ALTEMUS. Meats, vegetables, and groceries.

Mr. MILLER. Tell us the price you paid wholesalers for your bacon and hams in the original packages?

Mr. ALTEMUS. We do not buy bacon in the original package. We buy them pretty much altogether in strips and slice it on our own machine.

Mr. MILLER. How about hams?

Mr. ALTEMUS. We do not buy the package hams. We buy the naked hams, not the package hams, but without any paper or cloth on them. Hams are costing us from 38 to 42 cents a pound. Partridge hams to-day bring 42 cents, while the same brand of ham is shown in this pass book back in 1905 as retailing for 16 cents a pound.

Mr. MILLER. From whom do you get your groceries?

Mr. ALTEMUS. We buy from Frank Hume and from Earnshaw and most all of the wholesale grocers.

Mr. MILLER. Where do you get your fresh vegetables?

Mr. ALTEMUS. We buy them from the commission men and the country people who raise them.

Mr. MILLER. Very few country people sell to you, probably?

Mr. ALTEMUS. No; a great many of them do.

Chairman BALL. Returning to the question of hams for just a moment, you pay 38 to 42 cents a pound for your hams. What do you get for your hams when you sell them in the original package or in the whole ham?

Mr. ALTEMUS. From 45 to 48 cents.

Mr. MILLER. Can you differentiate between your profits on your meat business and your profits on your grocery business?

Mr. ALTEMUS. No; we run it all together.

Senator CAPPER. There is a retail dealers' association in Washington, is there not?

Mr. ALTEMUS. Yes, sir.

Senator CAPPER. Do you belong to it?

Mr. ALTEMUS. I belong to it, but I have never taken any active part in it. I have never been to any of their meetings. I pay my dues.

Senator CAPPER. What is the object of that association?

Mr. ALTEMUS. I do not know that I am prepared to say. I have never taken any interest in it. They got after me to join it and I joined it, and that is as far as I went.

Senator CAPPER. I saw a quick-delivery wagon go by my house this morning, having painted on the wagon in large letters something like this, "Out of the high-rent district," and "Our goods are cheaper"—words to that effect. I presume you are out of the high-rent district, so-called. Can you sell cheaper by reason of lower rents than are paid down town?

Mr. ALTEMUS. I think the difference would be so slight it would not be noticeable.

Senator CAPPER. It would not make any difference to the consumer?

Mr. ALTEMUS. No, sir. I would not think it would make enough difference so that you would be able to notice it if a man was doing any business.

Senator DIAL. Does the Retail Dealers' Association send out this list of prices to you?

Mr. ALTEMUS. I never saw any. No, sir; they do not do it; not that I know of or ever heard of.

Chairman BALL. That seems to be all, Mr. Altemus. We are very much obliged to you for coming here.

STATEMENT OF MR. W. R. DE GRAFFENREID.

The witness was duly sworn by Chairman Ball.

Mr. MILLER. Will you state your full name?

Mr. DE GRAFFENREID. W. R. De Graffenreid.

Mr. MILLER. Where is your place of business?

Mr. DE GRAFFENREID. No. 1117 H Street and Fifteenth and G NE.

Mr. MILLER. What is the total amount of capital invested in your business?

Mr. DE GRAFFENREID. About \$7,000.

Mr. MILLER. How long have you been doing business?

Mr. DE GRAFFENREID. Since last May a year ago.

Mr. MILLER. Since May, 1918?

Mr. DE GRAFFENREID. Yes.

Mr. MILLER. Do you own your two places of business or rent them?

Mr. DE GRAFFENREID. I rent.

Mr. MILLER. You have not had to renew a lease, have you, for rental since you started business?

Mr. DE GRAFFENREID. Yes, sir.

Mr. MILLER. Was your rent increased?

Mr. DE GRAFFENREID. \$20 a month; yes, sir.

Mr. MILLER. On both places?

Mr. DE GRAFFENREID. At one place.

Mr. MILLER. Only on one place?

Mr. DE GRAFFENREID. Yes, sir.

Chairman BALL. How much did you say it was increased?

Mr. DE GRAFFENREID. \$20.

Mr. MILLER. Was it increased at the second place?

Mr. DE GRAFFENREID. Yes; \$5.

Mr. MILLER. Per month?

Mr. DE GRAFFENREID. Yes, sir.

Mr. MILLER. Do you handle only meats?

Mr. GRAFFENREID. Meats, vegetables, and groceries.

Mr. MILLER. From whom do you get your meats?

Mr. DE GRAFFENREID. Mostly from Wilson & Co.—that is, the fresh meat—and the smoked meat from Baltimore.

Mr. MILLER. What is your volume of meat business as compared to your total business?

Mr. DE GRAFFENREID. About 25 per cent beef business and about 35 per cent pork business.

Mr. MILLER. The rest is made up of what?

Mr. DE GRAFFENREID. Lambs about 5 per cent, veal about 2 per cent.

Mr. MILLER. And your grocery business?

Mr. DE GRAFFENREID. That is very small; about 9 per cent.

Mr. MILLER. Your fresh vegetables?

Mr. DE GRAFFENREID. About 18 per cent.

Mr. MILLER. How many employees have you at your two establishments?

Mr. DE GRAFFENREID. We have four at one place and only two at the other.

Mr. MILLER. Have you increased their wages since starting in business in May, 1918?

Mr. DE GRAFFENREID. Yes, sir.

Mr. MILLER. What is your total weekly pay roll now and what was it formerly?

Mr. DE GRAFFENREID. Do you mean at both places?

Mr. MILLER. Yes.

Mr. DE GRAFFENREID. About \$225.

Mr. MILLER. You mean for the two establishments your pay roll is \$225 per week?

Mr. DE GRAFFENREID. Yes, sir.

Mr. MILLER. That is per week?

Mr. DE GRAFFENREID. Yes, sir.

Mr. MILLER. What was it when you started in business in May, 1918?

Mr. DE GRAFFENREID. I had only one store then, and it was \$90.

Mr. MILLER. How many people did you employ at that one store?

Mr. DE GRAFFENREID. Two.

Senator DIAL. Do you charge any wages for yourself?

Mr. DE GRAFFENREID. Oh, yes; I count myself something, but not much. It was \$25 at that time, but, of course, it is more now.

Mr. MILLER. Do you maintain a delivery service?

Mr. DE GRAFFENREID. Yes; but nothing under \$2.

Mr. MILLER. How do you deliver, by automobile?

Mr. DE GRAFFENREID. By auto trucks.

Mr. MILLER. How many trucks have you?

Mr. DE GRAFFENREID. One.

Mr. MILLER. What is the cost of that delivery service per month?

Mr. DE GRAFFENREID. I guess it is about \$25. We deliver but very little.

Mr. MILLER. What percentage of your trade would you lose if you did not have that delivery service?

Mr. DE GRAFFENREID. We would not lose much of anything. It is only lunch rooms. We probably would not lose that; I do not know that we would.

Mr. MILLER. Do you do a credit or cash business, or both?

Mr. DE GRAFFENREID. Cash.

Mr. MILLER. Strictly cash?

Mr. DE GRAFFENREID. Yes.

Mr. MILLER. From whom do you get your groceries?

Mr. DE GRAFFENREID. Different ones—Mazo, Liebman, Earnshaw; whoever gives the best prices.

Mr. MILLER. Have prices of staple groceries increased any in the last 12 months?

Mr. DE GRAFFENREID. Oh, yes.

Mr. MILLER. When you buy your meats, do you buy a whole carcass?

Mr. DE GRAFFENREID. Yes, sir; sometimes I buy 10 cows.

Mr. MILLER. You have storage facilities, then?

Mr. DE GRAFFENREID. Yes, sir; that is, cases. Of course, we have ice boxes. We have refrigeration cases.

Chairman BALL. Do you have any demand for the cheaper meats when you buy the whole carcass?

Mr. DE GRAFFENREID. We are paying about 16 cents for cattle now. That is what we pay on the average.

Chairman BALL. You have no trouble selling your cheaper meats?

Mr. DE GRAFFENREID. At this time of year we do. Plate, brisket, and soup meats it is pretty hard to get rid of in hot weather, but we usually get rid of it. We put a price on it and let it go.

Chairman BALL. What price do you charge for the best cuts?

Mr. DE GRAFFENREID. 35 to 42 cents. I have a little test here that I will show you.

Chairman BALL. Your prices for your cheapest cuts are what?

Mr. DE GRAFFENREID. Twelve and a half cents. This is a test of a hind quarter of beef that came to me this morning from Wilson.

Mr. MILLER. Will you leave this with the committee for their information?

Mr. DE GRAFFENREID. Yes.

Chairman BALL. That had better be inserted in the record.

Mr. MILLER. Oh, of course.

(The statement referred to is as follows:)

STATEMENT BY W. R. DE GRAFFENREID, WHITE FRONT MARKET CO., 1117 H STREET NE., WASHINGTON, D. C.

Hind quarter of beef, 107 pounds, at 20 cents per pound.....	\$21. 40
Porterhouse and sirloin, 35 pounds, at 35 cents per pound.....	12. 25
Top of round, 12½ pounds, at 45 cents per pound.....	5. 63
Bottom round, 11 pounds, at 35 cents per pound.....	3. 85
Rump or bullion, 8 pounds, at 30 cents per pound.....	2. 40
Duck roast, 3½ pounds, at 28 cents per pound.....	. 98
Sirloin tip, 8 pounds, at 42 cents per pound.....	3. 36
Hamburg steak, 3½ pounds, at 25 cents per pound.....	. 82
Flank steak, 1 pound 10 ounces, at 35 cents per pound.....	. 59
Flank soup meat, 4½ pounds, at 20 cents per pound.....	. 95
Kidney, 1 pound 6 ounces.....	. 25
Suet, 3 pounds, at 6 cents per pound.....	. 18
Bone, 14½ pounds, at ¾ cent per pound.....	. 11
Total, 106½ pounds, gross.....	31. 37
Cost.....	21. 40
Net profit	9. 97

Mr. DE GRAFFENREID. The cuts and prices there shown are at wholesale.

Chairman BALL. Your net profit on 107 pounds of meat was \$9.97?

Mr. DE GRAFFENREID. Yes, sir. It only runs this year about 10 per cent, as beef is the only thing that you get any money out of in the meat line.

Mr. MILLER. Does that include your expenses?

Mr. DE GRAFFENREID. No; that does not include expenses at all.

Chairman BALL. That does not cover your expense of delivery and your overhead?

Mr. DE GRAFFENREID. No, Senator; no expenses at all.

Chairman BALL. That is merely the return for the one piece of meat?

Mr. DE GRAFFENREID. Yes, sir.

Chairman BALL. Just the actual cost of the one piece of meat?

Mr. DE GRAFFENREID. Yes, sir.

Chairman BALL. What do you suppose your overhead charges would be?

Mr. DE GRAFFENREID. My overhead expenses?

Chairman BALL. Yes; the percentage per hundredweight. Could you figure that?

Mr. DE GRAFFENREID. No; I can not. I know my expenses cost me about 12½ per cent. That is, it costs me about 12½ per cent to do business.

Mr. MILLER. What is your total volume of business—that is, what was it last year for the seven months you were in business?

Mr. DE GRAFFENREID. Nearly \$60,000 at the one place.

Mr. MILLER. That is for seven months in 1918?

Mr. DE GRAFFENREID. Yes.

Mr. MILLER. Can you give your net profit on that \$60,000 of gross business?

Mr. DE GRAFFENREID. About 3 or 4 per cent.

Mr. MILLER. Approximately \$2,400?

Mr. DE GRAFFENREID. Yes, sir.

Mr. MILLER. Can you give the volume of business for the first six months of this year? I am asking this because you were only in business a part of last year?

Mr. DE GRAFFENREID. Really I could not say exactly.

Mr. MILLER. If it is not possible to give it accurately, I will not ask for it.

Mr. DE GRAFFENREID. I could not give it exactly; no.

Senator DIAL. Does anybody ever go out of the grocery business here? Did you ever know of anybody to quit the grocery business after he got into it?

Mr. DE GRAFFENREID. Oh, I guess they do.

Senator DIAL. Did you ever hear of one going broke?

Mr. DE GRAFFENREID. Yes, sir; lots of them. They sell out or they go broke. Maybe they sell out before they go broke. I do not fool much with groceries. I am not very fond of the grocery business anyway.

Mr. MILLER. What percentage of loss do you figure on a carcass that you buy?

Mr. DE GRAFFENREID. A carcass of beef, the way I get my meat? I take all the bones out of the round. I bone all my meat and it runs 56 to 60 pounds to the carcass, to the 450-pound carcass.

Mr. MILLER. How long can you carry your fresh beef after you get it from the wholesaler before you have to dispose of it?

Mr. DE GRAFFENREID. We get rid of it right fast. We cut up about five cattle on Saturday.

Senator CAPPER. Do you buy from the different packers here?

Mr. DE GRAFFENREID. Yes, sir; sometimes, depending on whoever gives the best price.

Senator CAPPER. Some of them are able to sell lower than others are they?

Mr. DE GRAFFENREID. Oh, yes; sometimes. It depends on how the market is.

Chairman BALL. That is all, sir; you may be excused.

PRODUCERS OF FARM PRODUCTS.

Chairman BALL. We have with us this afternoon some of the producers of farm products who sell their products principally to the retail traders. We will first call Mr. Cassard.

STATEMENT OF MR. L. D. CASSARD.

The witness was duly sworn by Chairman Ball.

Mr. MILLER. Will you give your full name?

Mr. CASSARD. L. D. Cassard, Muirkirk, Md.

Mr. MILLER. What is the acreage of your farm?

Mr. CASSARD. Two hundred and forty acres.

Mr. MILLER. What is the distance of your farm from the Produce Market?

Mr. CASSARD. Fifteen miles, as nearly as I can tell. I should think. I never tested it exactly. I come out two different ways to the boulevard. I live on the Washington Boulevard.

Mr. MILLER. How much of your total acreage is under cultivation?

Mr. CASSARD. About 140 acres.

Mr. MILLER. The rest of it is not productive?

Mr. CASSARD. Woods.

Mr. MILLER. Give us a list of the products that you raise on your farm.

Mr. CASSARD. The bulk of my stuff is corn, hay, and wheat. Then, I haul some stuff to the Washington market. All that I haul in won't amount to anything. I will start in about to-morrow night and will haul in about six weeks or two months.

Mr. MILLER. What articles?

Mr. CASSARD. Principally sugar corn, cabbage, tomatoes, Irish potatoes, and grapes. That is one fruit. I handle a little other fruit, but it doesn't amount to anything.

Mr. MILLER. How do you bring that into Washington?

Mr. CASSARD. I haul it in by truck.

Mr. MILLER. If you did not have that truck you would not be able to get your produce into the city in time to market it before it would perish?

Mr. CASSARD. Oh, yes; we would. We would haul by wagon. We used wagons in days gone by, but the trucks are so much quicker and you get back so much quicker to do the other necessary work.

Mr. MILLER. Where do you dispose of your products?

Mr. CASSARD. We haul practically all here to the Farmers' Wholesale Market.

Chairman BALL. Do you sell any to the consumer directly?

Mr. CASSARD. No, sir; we sell to the retailer, and some of our stuff is sold to the commission people. Lots of it is sold there. A good deal of it is sold there, but none to the consumer. I for one would not sell a dollar's worth to the consumer. If I had a friend I would give him something, but I would not sell it to him, because it is not the proper thing to do. It is a wholesale market.

Mr. MILLER. How does farm produce, produced this season, compare in volume with that produced last year?

Mr. CASSARD. Just what particular stuff do you mean—that coming to the District market?

Mr. MILLER. Your sugar corn, cabbage, tomatoes, and potatoes.

Mr. CASSARD. Of those four, three of them are at least 25 per cent short of last year; that is, tomatoes, potatoes, and cabbage. Sugar corn is normal, as well as I can say at the present time. Of course, for instance, yesterday there was quite a heavy storm came through my section of the country and destroyed a lot of it, and I do not know how far that will go, but there is more planted this year than there was last year. There is more acreage and the corn is one thing that has done well this season.

Mr. MILLER. It is 25 per cent more approximately than you raised last year?

Mr. CASSARD. Yes; I should say that of corn there is 25 per cent more, and 25 per cent less of the other three.

Mr. MILLER. What has been the cause of that?

Mr. CASSARD. It is because of several things—the season, I suppose I could not tell exactly. It is a hard thing to figure out.

Mr. MILLER. Do climatic conditions have anything to do with

Mr. CASSARD. Climatic conditions have all to do with it. That is what we work under entirely.

Senator DIAL. Are you speaking of the same acreage when you compare this year and last year?

Mr. CASSARD. Yes, sir. On potatoes, I will say it is the same acreage, and on cabbage and tomatoes also.

Senator DIAL. Not your entire crop, but your crop per acre?

Mr. CASSARD. I am speaking of the conditions in the country generally, within 10 miles of me, as I know them.

Senator DIAL. You are speaking of that per acre?

Mr. CASSARD. Yes, sir.

Mr. MILLER. Have the conditions produced by the heavy rain in this vicinity in the last few weeks had any effect on your crops?

Mr. CASSARD. Yes, sir. I lost at least a third of my wheat crop and a third of my hay crop. That is about all of my own stuff that has been affected very materially—and the late potato crop, too.

Mr. MILLER. Did it affect any of these other commodities that have mentioned?

Mr. CASSARD. Yes; I think it had a good deal to do with them. That is one of the worst rainfalls we have ever had, and we had extreme heat right after it.

Mr. MILLER. Has your supply of labor been satisfactory?

Mr. CASSARD. Of course, mine has been as satisfactory as anybody else's. It has been true that there has been a great shortage of labor. I have had three men all season this season and with the aid of a couple of extra men practically kept in some shape, but not in good shape, because weather conditions have been against us all the time.

Chairman BALL. Did you have any trouble with farm help?

Mr. CASSARD. I can not say I have had a great deal of trouble this year so far. I have been lucky enough to have two or three neighbors that came in and helped me out when I got in the hole, but weather conditions have been really worse than the help problem.

Chairman BALL. How do the prices of sugar corn at this time compare with those of last year?

Mr. CASSARD. They have been lower so far.

Chairman BALL. What are you getting now for potatoes?

Mr. CASSARD. They are bringing \$6.70 to \$7 a barrel.

Chairman BALL. What was it this time last year, if you remember?

Mr. CASSARD. \$4.50 to \$5. That is my recollection, but I could not state exactly.

Chairman BALL. A little higher this year?

Mr. CASSARD. Yes, sir. Practically all farm produce is higher.

Chairman BALL. Is that 10 pecks to the barrel?

Mr. CASSARD. Some of them run over that. In the District there is no law regarding barrel or bulk or anything else.

Chairman BALL. Sugar corn is cheaper?

Mr. CASSARD. Yes, up until to-day. To-day it went to the high point.

Chairman BALL. When you say "farm products," you mean those that are not perishable, I presume?

Mr. CASSARD. Yes, sir.

Chairman BALL. Potatoes you can preserve by storage?

Mr. CASSARD. Yes.

Chairman BALL. What about tomatoes?

Mr. CASSARD. They are very short.

Chairman BALL. What do you get for tomatoes per basket?

Mr. CASSARD. They are sold in seven-eighths bushel baskets, although some of them hold only three pecks. They brought around \$2.70 to \$2.75 this morning. They fluctuate very rapidly, because these commodities, like sugar corn, tomatoes, cabbage, and these other vegetables that come in from day to day fluctuate in price according to the amount of stuff on the market.

Chairman BALL. Do you people fix your own prices when you come in here?

Mr. CASSARD. No, sir.

Chairman BALL. Are the prices fixed by the hucksters?

Mr. CASSARD. It is hard to tell how they are fixed. You have me on a hard question there.

Chairman BALL. You take whatever you can get them to pay?

Mr. CASSARD. That is the idea exactly. It is just what the market price is. I have seen tomatoes 25 cents one day and \$1.70 the next day, and vice versa.

Chairman BALL. Supply and demand absolutely regulate that matter?

Mr. CASSARD. Absolutely. There is no doubt about that. There is nothing else does it.

Senator CAPPER. Do they all pay about the same price on the same day?

Mr. CASSARD. Oh, yes; there is very little difference, but of course you have to figure that the grade of the stuff is different too. You may have one lot of sugar corn worth 40 cents and the next lot would not be worth 30 cents. You get just about as much one way as you would the other.

Senator DIAL. To whom do you sell?

Mr. CASSARD. We sell to the hucksters and to the retail stores, such as the man that testified just ahead of me, Mr. Altemus. I sell occasionally to such people as the Old Dutch Market, and then there are lots of wholesale and commission people.

Senator DIAL. I did not know whether the farmers had a place where they turned their produce over to a company and the company retailed it out.

Mr. CASSARD. No, sir; we have nothing of that sort here. We sell right direct for cash only.

Mr. MILLER. Have you seen any evidence of an attempt here in Washington, by individuals or any set of individuals to control prices that the farmers get, whereby figures or prices are set on the produce, and if they sell for less than those prices they suffer by reason of having their licenses revoked, or anything of that sort, any other form of commercial punishment visited upon them?

Mr. CASSARD. No, sir; not since I have been coming there. I have been coming in for about 10 years.

Mr. MILLER. You never heard any of your fellow farmers talking about that?

Mr. CASSARD. No, sir; I suppose there are 20 in my neighborhood and we have all practically started hauling grapes. It is quit grape-growing section of the country.

Chairman BALL. Do any of the farmers stand at the market—

Mr. CASSARD. You mean the retail farmers?

Chairman BALL. Yes.

Mr. CASSARD. Yes, sir. That is down below Ninth Street, so of the Center Market.

Chairman BALL. Those farmers who sell on the open market—they treated just as well by the wholesale people and the jobbers those who do not sell in that way?

Mr. CASSARD. Those farmers down there that I speak of sell their own produce.

Chairman BALL. I know; but, if they do not sell all of it, can they sell to the wholesalers? Do the wholesalers refuse to buy of them because they enter the retail trade?

Mr. CASSARD. No; I do not think so; not to my knowledge.

Chairman BALL. That is what we want to know.

Mr. CASSARD. No, sir; not to my knowledge and belief; I would not say so.

Chairman BALL. Do they try to control the trade to some extent?

Mr. CASSARD. Some years ago they used to retail and wholesale, but the District went at that and that was stopped.

Senator DIAL. Do you have to have a license to sell in the city?

Mr. CASSARD. Yes, sir—no; we pay 20 cents a day for a stand, take a truck down there.

Chairman BALL. You come in and the wholesalers give you your stand?

Mr. CASSARD. We pay the District 20 cents a day. That is collected in cash every morning. You bring your truck in and they allot you a stand, and if you are there at a certain time that stand is yours.

Senator DIAL. Do you know how the people who kill beef in the country bring it in and dispose of it?

Mr. CASSARD. That is a little hard for me. I can say as to pork better.

Senator DIAL. Well, as to pork.

Mr. CASSARD. Most of it is sold in the shape of whole hogs. Some of those people, I understand, have a special license to retail the stuff if they wish to cut a hog up or a beef up.

Chairman BALL. Do you kill your hogs and bring them in Washington?

Mr. CASSARD. I do not raise any, sir; but they do. There are lots of them killed and brought in here and sold dressed.

Senator DIAL. In some States we have a law that allows the producers—the raisers—to sell without a license.

Chairman BALL. Yes.

Mr. CASSARD. That is what they do here.

Chairman BALL. Can a man sell his own produce without a license?

Mr. CASSARD. I am not selling anybody else's. It is against the law for me to sell anybody else's stuff.

Chairman BALL. That is the law here?

Mr. CASSARD. Yes, sir; here in Washington City.

Mr. MILLER. To go back to the question I asked you: You have not discovered any information among the farmers who bring the

truck here to Washington to sell it that there are people here trying to control the price they are going to get for it?

Mr. CASSARD. No, sir. I can say that frankly.

Mr. MILLER. This committee has heard a number of rumors to the effect that farmers having produce must go to a certain center here to learn the price that they can receive for their produce before they can sell to anyone.

Mr. CASSARD. They have a certain price, of course, to ask for a certain article, just the same as a grocery store would ask a certain price for coffee or tea or sugar.

Senator CAPPER. Do you fix that price?

Mr. CASSARD. That price is fixed by the market. That is a right hard thing, too. If I go in there Saturday morning, about 2 o'clock, I will see some of my friends there, and I will say, "What is corn bringing this morning?" They might say that there is a pretty good bulk of it on the market and they are only offered 30 cents. You can either sell at 30 cents, at the price they offer, or you can keep it, just as you please. It is the same way with everything else. There is no obligation attached to it in any way.

Mr. MILLER. Are you ever compelled to sell at a lower price than the price offered on the market for your stuff?

Mr. CASSARD. Yes, sir. I have sold it for 25 per cent less than what it was worth.

Chairman BALL. It is your judgment that supply and demand control the price on the market here?

Mr. CASSARD. Yes, sir; and everywhere else on perishable stuff, stuff that goes to pieces. Take the condition of the cabbage market in this country this year. Owing to the wet weather there is a lot of rot. I might load my truck to-night with a housand and come down here to Washington, and to-morrow morning about a hundred would be tainted and I could not sell it.

Senator CAPPER. Who finds out what the demand is? At 2 o'clock in the morning who knows what the demand is likely to be and what the price will be?

Mr. CASSARD. The only thing I can say about that is that they take it from a previous day, what the stuff brought. Then they will figure on the amount of stuff there that day, which will give an idea of what it is going to bring.

Senator CAPPER. Who is "they"?

Mr. CASSARD. They are the farmers.

Senator CAPPER. I did not know the farmers fixed the prices. I thought you took the price offered.

Mr. CASSARD. They do not absolutely fix it. I suppose the price really is fixed between the farmer and the buyer, as in any other transaction.

Senator CAPPER. The buyer comes and offers his price?

Mr. CASSARD. Yes, sir.

Senator CAPPER. Do you wait and go around to see whether there is some other buyer who will offer a higher price?

Mr. CASSARD. No, sir; we stand right there, at the wagon; practically never move. With a market like it is now, it is very quick. Everybody is anxious to buy, with only a limited amount of stuff on the market.

Mr. MILLER. Do you know of any people who buy farm products, vegetables, etc., and place them in storage?

Mr. CASSARD. There has not been anything like that done in last couple of years.

Senator DIAL. When you speak about 2 o'clock, do you mean p. m. or 2 a. m.?

Mr. CASSARD. Two a. m. At 2 p. m. they make you get away from there; you have got to go home then. To sell this kind of stuff you have got to get down there pretty early.

Mr. MILLER. Have you bought any additional equipment in the past year?

Mr. CASSARD. No, sir; practically none; just small things, you know.

Mr. MILLER. Have you any figures so that you can give the committee an idea as to your profits last year?

Chairman BALL. Do you keep books?

Mr. CASSARD. Yes, sir; I keep books. Last year I expect would be better than this, though we did not practically make much money last year, to amount to anything, for the amount of capital we have got invested. If you take the capital in your land and everything on your buildings and stock and machinery—everything is capital.

Chairman BALL. Did you give the amount of capital you have invested?

Mr. CASSARD. No, sir.

Chairman BALL. How much have you invested?

Mr. CASSARD. About \$25,000.

Chairman BALL. What were your gross profits?

Mr. CASSARD. I should say about 50 per cent.

Chairman BALL. \$12,500.

Mr. CASSARD. Yes, sir.

Chairman BALL. What do your wages amount to?

Mr. CASSARD. My wages last year amounted to about \$400 a month.

Chairman BALL. About \$4,800?

Mr. CASSARD. Yes.

Mr. MILLER. The year around?

Mr. CASSARD. Yes, sir; that is taking the year around—\$5,500 or \$5,600—or something like that, in wages last year. We paid all the way for the regular labor—we paid around \$60 a month. That would include the things that go with it on a farm, like the house and the things that farmers generally give—vegetables and that sort of convenience. Day labor we paid around \$3.50 to \$4. We are now paying \$4 for all the extra labor we get.

Mr. MILLER. What would you say would be your net profit?

Mr. CASSARD. We figured a net profit last year of about 15 per cent. There was so much loss last year in the amount of stuff we planted—about \$4,000.

Mr. MILLER. Did you pay the internal-revenue tax?

Mr. CASSARD. The internal revenue is \$2,000 for a married man. Yes, \$3,500.

Chairman BALL. After you deducted your \$2,000, you mean?

Mr. CASSARD. Yes, sir.

Senator DIAL. In that calculation did you take off anything for the depreciation on your buildings?

Mr. CASSARD. No, sir. I took off no salary for myself.

Senator DIAL. The age of the horses, or anything like that?

Mr. CASSARD. No, sir; no depreciation of any kind, wagons or anything else. My opinion is that the farmers, as a rule, are just about as bad off as any of them.

Senator DIAL. Counting interest on your money?

Mr. CASSARD. The interest on the money; yes.

Senator DIAL. I mean on your home?

Mr. CASSARD. Yes, sir.

Chairman BALL. We are very much obliged to you. This is very interesting testimony.

STATEMENT OF MR. R. H. WHITE.

The witness was duly sworn by Chairman Ball.

Mr. MILLER. Please give your full name and your place of business, Mr. White.

Mr. WHITE. Our business is conducted under the name of Evans & White. R. H. White is my name.

Mr. MILLER. Where is your place of business?

Mr. WHITE. At the foot of Eleventh Street—the Eleventh Street wharf.

Mr. MILLER. Just outline your methods of conducting your business. Is it done on a commission basis?

Mr. WHITE. Yes, sir; general commission merchant. We sell wholesale only, on 10 per cent commission.

Mr. MILLER. Wholesale?

Mr. WHITE. Yes, sir.

Mr. MILLER. What fish products do you sell?

Mr. WHITE. All fish—every grade of fish.

Mr. MILLER. As well as crabs, oysters, and clams?

Mr. WHITE. Oysters, clams, crabs, fish, and watermelons in this season of the year.

Mr. MILLER. How are the prices determined on fish brought into the market?

Mr. WHITE. The supply governs the price. We sell practically all of the fish at auction. The retail dealers come down there at the wharf and at the different markets, and also some of these grocery stores sell fish, too. We put up a certain grade of fish at auction, and they bid as far as they can afford to to make a profit on it themselves. The highest bidder gets the fish.

Senator DIAL. Per pound?

Mr. WHITE. Yes, sir, per pound or per barrel. There are certain grades of fish sold by the pound and other grades by the barrel.

Mr. MILLER. Do you have any interest in any fishing boats or any fishing fleets?

Mr. WHITE. No, sir; not at all. We ship on consignment at this season of the year and we buy some off the Jersey coast.

Mr. MILLER. How much capital have you invested in your business?

Mr. WHITE. We keep about \$3,000.

Mr. MILLER. That is considered your working capital?

Mr. WHITE. Yes. We make daily returns. Just as soon as we sell our fish we make out returns for all receipts that day. Of course, the majority is sold on credit, and we sell on a weekly basis.

Mr. MILLER. How long have you been in business?

Mr. WHITE. About sixteen years.

Mr. MILLER. Give us an idea as to your net profits in 1918.

Mr. WHITE. I could not say exactly—the net profits, you say?

Mr. MILLER. Yes, just roughly speaking.

Mr. WHITE. I suppose it would run along about \$5,000.

Mr. MILLER. What is the smallest quantity you sell to any person?

Mr. WHITE. We sell 25 or 50 pounds of fish, with the privilege of the barrel, or as many as they want.

Mr. MILLER. The retailer can not come down there and get any?

Mr. WHITE. Oftentimes they do. There are stands for retail and occasionally we like to be, I guess, more obliging than any else, and we sell a person 4 or 5 pounds, whatever they want. It is very seldom we do it ourselves. There are other retailers who do make a specialty of that.

Mr. MILLER. Do you know of any organization or agreement among the wholesale fish dealers for regulating the price of fish?

Mr. WHITE. No, sir; there is none, ever.

Mr. MILLER. No organization of any kind?

Mr. WHITE. No, sir. The fish are put there and sold at auction. The other people put the prices on them themselves. We do not know what they are going to bring when we put them up.

Senator DIAL. Do you have a regular hour in the day to have auction?

Mr. WHITE. About 8 o'clock in the morning. The steamers go out at 7, and it takes us from half to three-quarters of an hour to get the fish from the Seventh street wharf, where the Norfolk boats load up to Eleventh street. We have to have conveniences there to bring the fish from the steamboat up to the wholesale fish market.

Senator DIAL. Suppose you do not sell them; suppose there are not enough people. What do you do?

Mr. WHITE. It is very seldom that there are not enough people to take them all. Sometimes the market will decrease toward the evening when the demands are mostly all filled; but as a rule the next morning just the same supply will come in, and we always clean up every day. It is very seldom that we carry anything over. If we have a few barrels they are reiced.

Mr. MILLER. Do you have any dealings with cold-storage houses in Washington?

Mr. WHITE. No, sir; I never put any fish in cold storage in my business.

Mr. MILLER. You do not know of any cold-storage houses that store up fish for that purpose?

Mr. WHITE. To buy fish for that purpose? Occasionally some dealers that you can not clean up—they will reice the fish and put them in storage for perhaps two or three days, sometimes a week or so, but it is very seldom that is done at the wharf.

Senator DIAL. Does the quantity vary much at different seasons of the year?

Mr. WHITE. Yes, considerably.

Senator DIAL. When is the rush season, in the spring?

Mr. WHITE. From March until June, when the heavy rush of fish is on, it is usually herring, rock, and perch. At this season of the year it is croakers, butter-fish—they are the heaviest.

Mr. MILLER. Did you raise your wages to your employees last year?

Mr. WHITE. Yes, sir.

Mr. MILLER. What is your total number of employees?

Mr. WHITE. Besides Mr. Evans and myself we have two extra.

Mr. MILLER. What is your weekly pay roll?

Mr. WHITE. For those two?

Mr. MILLER. Your total; what you paid out as wages or salaries.

Mr. WHITE. We gave the driver, the colored fellow that drives the wagon—

Mr. MILLER. Do not go into details. Just give your total weekly pay roll for salaries or wages.

Mr. WHITE. About \$50 for those two that handle fish.

Mr. MILLER. How about the other two?

Mr. WHITE. Mr. Evans and myself took \$50 a piece.

Senator DIAL. \$50 each or \$50 between you?

Mr. WHITE. \$50 each—Mr. Evans, my partner, and myself.

Senator DIAL. Has the quantity of fish sold in the market been increasing in the last year or two?

Mr. WHITE. I think it has decreased. I am almost sure it has.

Senator DIAL. I mean the whole market.

Mr. WHITE. Yes, sir; fish have fallen off.

Senator DIAL. How does the price compare now to what it was a year ago? How did it compare this spring to what it was a year ago?

Mr. WHITE. The prices are not as good this year as they were last. The demand is not as good.

Senator CAPPER. About how many wholesale dealers in fish are there?

Mr. WHITE. I think there are—perhaps Mr. Noyes could tell me.

Mr. Noyes, do you know exactly how many fish dealers there are? He is a market master, Mr. Chairman.

Mr. NOYES. I have a statement to that effect.

Senator CAPPER. You auction off your fish, I understand?

Mr. WHITE. Yes, sir.

Senator CAPPER. And you sell all you might have on hand, as long as there is trade, regardless of the price that might be offered?

Mr. WHITE. That is it exactly.

Senator CAPPER. There is no retail—

Mr. WHITE. Unless there should be a very juicy class of fish. Of course, there are a lot of hucksters that drive huckster wagons around town, and we would not put that grade up for our sale. They would go to Javens, the Old Dutch Market, Claxton, or some of those people—rock fish, or something like that, which brings about 20 to 25 cents a pound. If you put them up to an ordinary class of people they would not pay you over 10 or 12 cents; that is, the hucksters that drive wagons on the streets. On any ordinary grade of fish they would pay more for it than a market man would that wants a better grade of fish.

TESTIMONY OF MR. B. F. NOYES.

The witness was duly sworn by Chairman Ball.

Mr. MILLER. Give your full name and place of business.

Mr. NOYES. Benjamin F. Noyes, market master, municipal fish market, District of Columbia.

Mr. MILLER. What are the duties of the market master?

Mr. NOYES. The principal duties are in regard to the docking boats; also the cleanliness of the market, and general supervision over the selling conditions; general record of all produce coming in and produce going out; the collection of wharfage and rental for the market.

Mr. MILLER. What is the method of doing business at the fish market with respect to fish?

Mr. NOYES. There are different periods of the year; we have different shipments and different methods of handling. We have rail and water shipments.

I have made a statement of the percentage of rail and the percentage of water shipments of the different species of fish.

Mr. MILLER. You have it here?

Mr. NOYES. Yes, sir.

Senator DIAL. Does it go to the same place when it comes by rail?

Mr. NOYES. Yes, sir.

Mr. MILLER. We will put that statement in your testimony at that point, as Exhibit A. Do you want to ask any questions about it, Chairman? It is a statement of the delivery of fish by rail and boat.

Chairman BALL. That is a very good thing to have.

(The statement referred to, marked "Exhibit A," is as follows.)

Species of fish.	Source of supply.	Delivery by	
		Boat.	Rail.
		Per cent.	Per cent.
Bass.....	Potomac.....	90	
Do.....	Sea, east coast fisheries.....	25	
Bluefish.....	East coast fisheries.....	40	
Butterfish.....	Potomac and east coast fisheries.....	50	
Corn.....	Potomac.....	90	
Catfish.....	do.....	90	
Fels.....	do.....	90	
Flourishers.....	Potomac and east coast fisheries.....	50	
Herrings.....	Potomac.....	95	
Jacks.....	do.....	95	
Mackerel.....	Coast fisheries.....	25	
Mullets.....	Potomac and east coast fisheries.....	60	
Perch.....	Potomac.....	80	
Pike.....	Potomac and lake fisheries.....	60	
Rockfish.....	Potomac.....	80	
Shad.....	Potomac and southern east coast.....	80	
Trout.....	do.....	50	
Whiting.....	East coast.....	10	
Oysters:			
Shell.....	Potomac and Chesapeake Bay.....	100	
Shucked.....	do.....	80	
Clams.....	Potomac, Chesapeake Bay, and east coast.....	95	
Crabs.....	Potomac and east coast.....	40	
Pollock.....	Northern and east coast.....		
Hallbut.....	Boston, New York, and Philadelphia (originally west coast).....		
Porgies.....	East coast.....	30	
Soft crabs.....	Chesapeake Bay and Potomac River.....	90	
Salmon.....	Boston, New York, and Philadelphia.....		
Spots.....	East coast and Potomac River.....	70	
Codfish.....	Northern east coast.....		
Haddock.....	do.....		
Salt Herring.....	Chesapeake Bay and Potomac River.....	90	
Shrimp.....	Georgian coast.....		
Lings.....	East coast.....		

Mr. MILLER. Proceed, please.

Mr. NOYES. As to the method of selling down there. You take the fish that come by rail. There are different times in the day that the

arrive there. Sometimes we have a night shipment. They are all shipped in refrigerator cars by express. The shipment is hauled down there, and the fish may come in during the night hours. We have had deliveries as late as 11 o'clock at night. The fish are iced up for the night and put on the market for sale the following morning. Everything is sold by auction. A man has his fish stored in the different houses and the barrels are rolled up to the rear of the store and the market will open up about 7 o'clock in the morning. You might say that 60 per cent of the fish that comes into the city of Washington is handled by the hucksters; that is, different people who have wagons and take them out through different sections of the city for sale. The other 40 per cent is handled by the restaurants and the dealers in the Center Market and on Louisiana Avenue, and the hotels. There is a percentage sold to retailers that come right direct to the market.

Mr. MILLER. How are prices determined on the fish market?

Mr. NOYES. Supply determines the price. If the supply is good the price will drop. If there is a scarcity of fish the price is going to go up.

Mr. MILLER. Is there any attempt to regulate the supply of fish coming into the fish market?

Mr. NOYES. By whom, sir?

Mr. MILLER. By any interested party.

Mr. NOYES. You mean, by the dealers themselves?

Senator DIAL. By anybody.

Chairman BALL. Do they make a shipment from Washington to Baltimore, for instance, if they find that the supply is pretty liberal?

Mr. NOYES. Only at certain periods of the year—during the shad season when the shad are plentiful.

Mr. MILLER. To whom is that authority, if we might so call it, delegated to regulate the supply of shad coming in?

Mr. NOYES. It is not regulated by anybody.

Mr. MILLER. You just said a moment ago that it was regulated sometimes, especially during the shad season.

Mr. NOYES. I asked you the question. You asked me who regulated the price, and I asked you who you meant, the dealers or the authorities. We have no authority to regulate prices as to what any commodity will be sold at. The supply will regulate the price. If the supply is great the prices will drop.

Mr. MILLER. Then there is no organization that regulates the supply of fish coming into Washington?

Mr. NOYES. No, sir; there is no organization.

Mr. MILLER. No individuals?

Mr. NOYES. No, sir; each individual sells his own fish, irrespective of anybody else.

Chairman BALL. He can ship fish to Baltimore, or anywhere he pleases, can he not?

Mr. NOYES. Yes, sir; but that is always the surplus. It is very seldom they ever ship anything unless there is a surplus on hand.

Chairman BALL. Do you know the difference in the price of fish in Washington and the same character of fish in Baltimore?

Mr. NOYES. Between Washington and Baltimore, I do not believe there is much difference; but you take Washington and Philadelphia—

Chairman BALL. Away from the field of fish production?

Mr. NOYES. Yes, sir. The shad season was poor on the Delaware this season, and I know there were extensive shipments of shad from the city of Washington to Philadelphia.

Senator DIAL. Give some of the prices that fish bring down here at auction.

Mr. NOYES. Shad?

Senator DIAL. Any kind of good fish; when they auction them.

Mr. NOYES. Here are the prices this morning—the wholesale prices. The supply was very limited. There were 19 barrels of fish landed on the market this morning. There were about 12 barrels of what they call small pin trout, or pan trout. In the trade they call them pin trout, on account of the small size. They brought \$14, wholesale, per barrel.

Senator DIAL. How much does a barrel weigh?

Mr. NOYES. From 185 to 200 pounds.

Croakers, 7 barrels, which sold for \$16 a barrel, wholesale.

Senator DIAL. What is a croaker? You will have to excuse my ignorance on that subject.

Mr. NOYES. Croakers have different names—croakers, or haddock heads. They are very abundant down at Chesapeake Beach. They catch them down through Chesapeake Bay. They run in big schools down the North Atlantic coast. There is an abundance of croakers.

Senator DIAL. Are they palatable?

Mr. NOYES. Yes, sir. The only objectionable feature of the fish is the name.

Senator DIAL. I would not know the name if it was put on the table.

Mr. NOYES. The retail price for those on the market this morning was, for trout, 15 cents a pound; croakers, 13 cents a pound. They were selling at retail houses at that price.

I can go back to 1917—

Senator DIAL. Excuse me just a moment. You say 15 cents a pound?

Mr. NOYES. Yes, sir.

Senator DIAL. I do not know much about preparing fish. Assuming that you prepare that fish for your table, how much waste would there be to it, if the fish weighed a pound?

Mr. NOYES. One-third. There is the head, the tail, the fins, and the entrails which would diminish it about one-third.

Here is the July 1917, wholesale market, butterfish, per barrel \$6 to \$7; croakers, \$1.50 to \$4.

During the months of June and July there is always an abundance of croakers on the market. They were selling for \$16 a barrel to-day, in the month of August; and two years ago they were bringing here \$1.50 to \$4.

Trout, small, from \$2 to \$7 a barrel.

Rock fish, which is one of the gamiest fish there are and one of the highest priced fish, brought 16 to 22 cents a pound.

Boston mackerel, 17 cents a pound.

Retail prices at the municipal market on that day: Butterfish 5 cents a pound; croakers, 5; flounders, 6; mackerel, 20; small perch, 5; rockfish, 18 to 24 cents; trout, 5 to 8 cents; hard crabs, 44 cents a dozen.

are retail quotations for the market on that day, two years

I say, there were only 19 barrels of fish that came in, and two species, croakers and trout. The trout were selling for the croakers for 13 cents. Rockfish are selling from 25 to 30 a pound this morning.

Editor DIAL. What, in your opinion, is the reason that more do not buy fish?

Notes. The reason they do not buy fish during this period of war! I have heard a number of housewives say that they would stand over a hot fire and cook them. That is one reason. There is a certain odor which seems objectionable to some people eating fish; but I can not understand why they will not eat it. They are the cheapest food there is.

Editor DIAL. Much cheaper than beef or mutton.

Notes. I have also here an interesting statement. The population of the city of Washington has increased probably 150,000 in 1914. I have a statement here showing the shipment of fish to the market in the year 1914, and also shipments in 1918. The difference in 1918 was 725,723 pounds of fish, over the figures of 1914.

119,843 bushels short of the 1914 shipment; 25,152 gallons short of 1914 shipment.

4,458 bushels short.

Editor MILLER. Let that statement be marked Exhibit B.

The statement referred to, marked "Exhibit B," is as follows:)

MUNICIPAL FISH WHARF AND MARKET,
August 14, 1919.

CONTINENDENT WEIGHTS, MEASURES, AND MARKETS.

The following report is made for the purpose of showing the falling receipts of marine products at this market from all sources, probably the unsettled conditions that exist throughout the shipping points that the market.

1914 season :	Pounds.	Short of 1914 season—Con.	Pounds.
Shrimp	124,350	Shrimp	1,650
Brookfish	59,400		
Rockfish	20,850	Total	1,169,925
Crab	3,400		
Clam	3,072	Over of 1914 season :	
Crabs	77,400	Croakers	127,400
Crabs	239,674	Mackerel	54,850
Crabs	5,536	Perch	32,235
Crabs	5,595	Rockfish	63,303
Crabs	10,130	Shad	157,662
Crabs	350,250	Whiting	8,700
Crabs	1,800	Total	444,152
Crabs	52,500		
Crabs	1,700	Estimated weights used :	
Crabs	31,900	Barrels	150
Crabs	4,500	Boxes	100
Crabs	16,850	Bunches	5
Crabs	14,550	Shad, single	3
Crabs	41,250	Herring, 60 fish to 100	100
Crabs	50,250	Jacks, single	1
Crabs	10,125	Oysters, to the bushel	70
Crabs	20,100	Oysters, to the gallon	8

Shortage over 1914:

Fish	-----	pounds	72
Oysters	-----	bushels	11
Oysters	-----	gallons	2
Clams	-----	bushels	

Respectfully,

B. F. NOYES, *Market Master*

Mr. NOYES. Here is a report of shipments for this year received from all sources for the year ending June, 1919.

(The statement referred to, marked "Exhibit C," is as follows

Report of marine products received from all sources for the year ending 1919.

Bass	-----	barrels	
Bluefish	-----	do	
Butterfish	-----	do	1
Carp	-----		22
Catfish	-----	bunch	40
Croakers	-----	barrels	4
Eels	-----	bunches	2
Flounders	-----	barrels	
Herring	-----		1, 606
Jacks	-----		13
Mackerel	-----	barrels	1
Mullets	-----	bunches	4
Perch	-----	do	44
Pike	-----	do	3
Rockfish	-----	do	49
Shad	-----		402
Trout	-----	barrels	11
Whiting	-----	do	1
Oysters	-----	bushels	164
	-----	gallons	89
Clams	-----	barrels	3
Crabs, hard	-----	do	2
Crab meat	-----	gallons	19
Pollock	-----	barrels	
Halibut	-----	do	
Haddock	-----	do	1
Crabs, soft	-----	boxes	
Salmon	-----	do	
Spots	-----	barrels	
Turtles	-----		1
Codfish	-----	barrels	
Porgies	-----	do	
Kingfish	-----	do	
Sturgeon	-----		
Menhaden	-----	barrels	
Salt herring	-----	do	
Watermelons	-----		122
Hake	-----	barrels	
Hogfish	-----	do	
Labrador herring	-----	do	1
Winter shad	-----	do	
Drumfish	-----	do	
Shrimp	-----	do	
Sheephead	-----	boxes	
Tilefish	-----	barrels	
Lings	-----	do	1
Smelts	-----	boxes	2
Ciscoes	-----	barrels	
Scollops	-----	gallons	
Muskrats	-----		4
Croppie	-----	barrels	

Estimated weight of the contents of containers, etc.:

	Pounds.
_____	180
_____	100
_____	5
_____	3-5

_____	100
_____	70
_____	8

Mr. NOYES. I also submit a statement of the prevailing retail prices of market to-day.

The statement referred to, marked "Exhibit D," is as follows:)

MUNICIPAL FISH WHARF AND MARKET, May 8, 1919.

The following are the prevailing retail prices (cents per pound) at the market to-day will be carried for Friday: Roe shad, 25 to 30; box shad, 20 to 22; brook trout, 15; small trout, 8 to 10; flounders, 11; croakers, 5 to 8; butterfish, 11; bluefish, 25 to 30; carp, 8; tilefish, 12 to 14; halibut, 20 to 25; clams, 25 cents per 100; oysters, \$1.75 per 100.

Mr. NOYES. Here is a report giving the wholesale and retail prices of fish.

The statement referred to, marked "Exhibit E," is as follows:)

MUNICIPAL FISH WHARF AND MARKET, July 20, 1917.

WHOLESALE MARKET.

_____	only good.
_____	fish, per barrel
_____	oysters, per barrel
_____	per barrel
_____	per pound
_____	per pound
_____	per pound

\$6.00-\$7.00
1.50- 4.00
2.00- 7.00
.16- .22
.17
.04- .07

RETAIL.

The following are the prevailing prices at the municipal fish wharf and market:

_____	fish, per pound
_____	oysters, per pound
_____	flounders, per pound
_____	brook trout, per pound
_____	small trout, per pound
_____	bluefish, per pound
_____	carp, per pound
_____	tilefish, per pound
_____	halibut, per 100
_____	clams, per dozen
_____	oysters, Norfolk, per bushel

\$0.05
.05
.06
.20
\$0.05- .10
.18- .24
.05- .08
.06- .08
1.20
.40
1.00

Mr. MILLER. You have submitted a list of tenants and rentals of the municipal fish wharf and market, to be marked "Exhibit D." Are these the only people that do business with your fish market?

Mr. NOYES. Yes, sir; that is, those are strictly dealers.

Mr. MILLER. They represent practically all the wholesale fish dealers in Washington?

Mr. NOYES. No—well, yes; I believe they do represent the wholesale dealers, although there are dealers upon Louisiana Avenue that carry themselves as wholesalers and retailers. I know Claxon is a wholesale man.

Mr. MILLER. He gets his fish through you?

Mr. NOYES. You may say there are 70 per cent of the fish sold in Washington that come directly through the market.

(The statement of tenants and rentals of stores at the municipal fish wharf and market referred to and marked "Exhibit F" is as follows:)

List of tenants and rentals of stores at the municipal fish wharf and market.

Store No.	Tenants.	Rentals.	Kind of dealer.
1, 2, 3, and 4.....	Golden & Co.....	\$180	Wholesale.
5 and 6.....	Stanford & Chesser.....	100	Wholesale and retail.
7 and 8.....	J. C. Barry.....	100	Do.
9.....	A. J. Sabatella & Son.....	50	Do.
10.....	Geo. W. Carroll.....	35	Do.
11.....	Buckree Fish Co.....	45	Do.
12.....	William Neitzey.....	45	Who esale.
13.....	Benjamin Bailey.....	40	Retail.
14.....	D. M. Faunce.....	45	Wholesale and retail.
15 and 16.....	Evans & White.....	90	Do.
17.....	E. B. Covtley.....	45	Who esale.
18.....	F. W. Yount.....	45	Wholesale and retail.
19.....	Maurice Faunce.....	40	Retail.
22.....	W. F. Pendleton.....	45	Do.

Mr. MILLER. Seventy per cent of the fish handled by these wholesale dealers comes through the market?

Mr. NOYES. Yes, sir. There are a few dealers who have their shipments made direct to them, like Javins, in the Center Market. I presume you might say 90 per cent of his shipments come to him direct. We have a record of all that come in by boat, because we have over the invoices of all of these shipments and keep a record of all shipments, irrespective of who they are sent to or where they go.

Mr. MILLER. Have you noticed any tendency on the part of the fishermen to take their fish to Baltimore or other near-by cities to sell when they can not get the prices they want here in Washington?

Mr. NOYES. No, sir; that would not be logical, because fish are perishable. They would have that whole trip around the Potomac River and up through the bay. Herring and shad are just put in small run boats and those boats make a trip every day from the nets to the market. From the time the fish is taken out of the nets probably six hours would not elapse until they are put on sale at the market here from the time they are taken out of the water.

Senator CAPPER. Are all of your stalls taken?

Mr. NOYES. There are two stalls vacant. There are 25 stores full, and 2 stores vacant.

Senator CAPPER. What is the highest rent that you get?

Mr. NOYES. Fifty dollars. That depends on the location. Some are located nearer the center of the market, the main entrance to the market. The rentals are higher. Some of the retailers' business will run from \$350 to \$400 a day.

Senator DIAL. Who owns the market?

Mr. NOYES. It belongs to the municipal government of the District of Columbia.

Senator DIAL. Do you handle watermelons down there, too?

Mr. NOYES. Yes, sir.

Senator DIAL. I have recently had complaints that watermelon prices were very high in price.

Mr. NOYES. I have no authority in the regulation of the prices—although melons are a great deal cheaper this year than they were last, for the simple reason that the supply is better. I might say that we have had probably 60,000 to 65,000 more melons up to this time of the year than we had last year.

Senator DIAL. What is a good-sized melon worth at the wharf?

Mr. NOYES. The extra selects are selling for about \$60 a hundred.

Chairman BALL. \$1.50 apiece?

Mr. NOYES. There is nothing extraordinary about that, sir. They buy them for 60 cents and you pay \$1.50 for them. They come in by boat and are sold right there. The commission men handle them on a percentage basis and they sell to all these dealers on Louisiana Avenue and B Street, the restaurants and market men throughout different sections of the city.

Senator DIAL. Do the melons come in by rail from the South?

Mr. NOYES. There were 129 carloads of melons that came in from the South, but that season is practically over. Everything that is coming now is coming by boat.

Senator DIAL. Are prices higher now than they were then?

Mr. NOYES. During the season they were coming by rail?

Senator DIAL. Yes.

Mr. NOYES. I do not think so; I think the price has dropped a little from what the rail melons were. Melons are selling at the present time—small melons called culls, the very smallest will probably run from 7 to 9 or 12 pounds—as low as \$4 a hundred. There are handled principally by the hucksters around through the different sections of the city. The primes will run \$35 to \$40 a hundred. The selects will run all the way from \$35 up to \$60. An individual can come down there and purchase right from the boat. Of course, for the melons selling for \$60 a hundred, they will probably charge 65 or 70 cents for that melon, but if an individual comes there he will only want a particular melon and he picks that out.

Senator DIAL. You say individuals can buy in that way?

Mr. NOYES. Yes, sir. They have that privilege. I presume that on Sundays there are probably 1,500 or 2,000 people visit that market for the purpose of buying watermelons. It is the same way during the oyster season, purchasing oysters right directly from the boats.

Chairman BALL. This will conclude our hearing for to-day. The committee will meet again to-morrow at 2 o'clock p. m.

(Whereupon, at 4.10 o'clock p. m., the committee adjourned until to-morrow (Friday), August 15, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

FRIDAY, AUGUST 15, 1919.

UNITED STATES SENATE, SUBCOMMITTEE OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball, presiding.
Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Present, also: Mr. Thomas W. Miller.

Chairman BALL. The committee will come to order. Is Mr. Rowland here?

Mr. ROWLAND. Yes, sir.

TESTIMONY OF MR. JOHN F. ROWLAND.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name.

Mr. ROWLAND. John F. Rowland.

Chairman BALL. Just a moment. I would like not only those asking questions, but the witnesses answering the questions, to speak clearly and distinctly. It was very difficult yesterday to hear.

Mr. MILLER. Where is your farm located?

Mr. ROWLAND. It is a truck garden at Bennings, D. C.

Mr. MILLER. How many acres are under cultivation?

Mr. ROWLAND. Seventeen or eighteen acres, more or less.

Mr. MILLER. Seventeen acres?

Mr. ROWLAND. Seventeen or eighteen acres; something like that.

Mr. MILLER. Is any part of your farm not under cultivation?

Mr. ROWLAND. Yes, sir.

Mr. MILLER. How many acres?

Mr. ROWLAND. I suppose, three or four acres.

Mr. MILLER. Then your total farm is about 22 acres?

Mr. ROWLAND. No, sir. There are three or four acres not under cultivation included in that 17 acres. There are only about 13 acres this year that I am working.

Mr. MILLER. Thirteen acres under cultivation this year?

Mr. ROWLAND. Yes, sir.

Mr. MILLER. You could have as high as how many acres under cultivation?

Mr. ROWLAND. Seventeen or eighteen.

Mr. MILLER. What do you grow on your farm?

Mr. ROWLAND. Vegetables of all kinds.

Mr. MILLER. Give us a general list of them.

Mr. ROWLAND. Tomatoes, cabbage, sweet potatoes, spinach, lettuce, carrots, and beets. That is the extent of them. I grow Irish potatoes, only a few to eat.

Mr. MILLER. What distance is your farm from the produce market in Washington?

Mr. ROWLAND. I suppose, about 5 miles. It is at Bennings, D. C. right at the race track.

Mr. MILLER. What proportion of your products do you sell at farmers' produce market?

Mr. ROWLAND. All of them.

Mr. MILLER. How do you get them in here?

Mr. ROWLAND. In the team, the wagon.

Mr. MILLER. You have never used automobiles for that purpose?

Mr. ROWLAND. No, sir.

Mr. MILLER. You have testified that you had less acreage under cultivation than you had last year. How does the volume of goods produced by you this year compare with what you produced last year?

Mr. ROWLAND. Well, I think that I have as much this year as I had last year. I did not try to work as much land this year as I did last year, and the grass did not destroy so much.

Mr. MILLER. Have climatic conditions had anything to do with your crops this year?

Mr. ROWLAND. We had a great deal of rain in the spring, but I do not think it affected it much.

Mr. MILLER. Did the labor supply curtail your crops in any way?

Mr. ROWLAND. That is the reason these other acres are not worked this year.

Mr. MILLER. The decrease in acreage this year as compared with last year is due to the shortage of labor?

Mr. ROWLAND. It is in my case.

Mr. MILLER. How many farm helpers do you employ?

Mr. ROWLAND. I only have one man this year. I have his two children since school closed.

Mr. MILLER. One man and two children?

Mr. ROWLAND. His children, since school closed; and my children help, now, since school closed.

Mr. MILLER. How much labor would you like to have on your farm?

Mr. ROWLAND. I did work three or four men when I could get them.

Mr. MILLER. Although the labor supply has affected the acres under cultivation, you say it has not affected the amount of products that you have raised?

Mr. ROWLAND. There was not as much lost. I did not try to work as much. I could work more by working longer hours, with my children to help me before school and after school. Last year I tried to work all the land, but the grass destroyed some of it.

Senator CAPPER. What hours do you work?

Mr. ROWLAND. I start between 6 and 7 o'clock and work until about 6 or 7; but on market days—this morning I got up and came to market at 2 o'clock. If I had not been coming up here, I could have gone home and worked until about 6 o'clock to-night. It used to be so that

you could lie down and take a nap after getting up in the early hours, and then go out and work; but you can not do it now.

Senator DIAL. How long do you take off in the middle of the day?

Mr. ROWLAND. Long enough to eat my dinner—between 12 and 1 o'clock.

Mr. MILLER. How much capital have you invested?

Mr. ROWLAND. I do not keep any books. All I do is to sell my produce and collect the money and pay my bills, and at the end of the year if I have any left, I am that much ahead. I do not keep any books.

Mr. MILLER. You own your place, of course?

Mr. ROWLAND. No, sir; I rent the place.

Mr. MILLER. Will your profits this year be greater than your profits last year?

Mr. ROWLAND. I do not think so; well, probably they will, on account of the fact that the cantaloupe crop was a big failure. This year's cantaloupe crop has been very good.

Chairman BALL. How much rent do you pay?

Mr. ROWLAND. \$350.

Chairman BALL. For 17 acres?

Mr. ROWLAND. Between 17 and 18 acres.

Chairman BALL. What did you pay last year?

Mr. ROWLAND. The same rent; I have been there 11 years.

Senator DIAL. That includes the house and barn?

Mr. ROWLAND. Yes, sir; everything; what barn there is there.

Mr. MILLER. Have you had to invest any additional money in additional machinery or farming utensils during the past year?

Mr. ROWLAND. No, sir; unless it was a fork or a hoe or a rake. I have two or three hoes, you know; but I have not had to get any plows or cultivators, because I already had them.

Mr. MILLER. What do you have to pay out in wages for your help?

Mr. ROWLAND. I paid last year between \$1,100 and \$1,200; that is, including picking peas, beans, and cutting spinach and kale.

Mr. MILLER. In figuring this compensation do you include the cost of boarding the farm hands?

Mr. ROWLAND. No, sir; we do not board anybody.

Chairman BALL. Did that include anything for your own work?

Mr. ROWLAND. No.

Chairman BALL. Any for your boys' or children's work? You say they work on the farm?

Mr. ROWLAND. They worked on the farm this year.

Chairman BALL. You did not charge up anything for them?

Mr. ROWLAND. No, sir. I pay them every week when they work. I give them two or three dollars.

Chairman BALL. That is included, then?

Mr. ROWLAND. That is, I pay them this year. Last year I did not.

Mr. MILLER. Then the amount paid in wages has been steadily increasing the past few years?

Mr. ROWLAND. Yes, sir; paying these children.

Mr. MILLER. Right there may I ask you if the price you have been receiving for your products has increased proportionately?

Mr. ROWLAND. I do not see much difference between what it is now and last year. Some things were a little higher this year; some things were cheaper.

Mr. MILLER. How many days a week do you come to the farmers' produce market?

Mr. ROWLAND. This time of year—last week I came every day. This week I will not be here over a couple of days.

Mr. MILLER. You dispose of your product only through the market?

Mr. ROWLAND. On the country line.

Senator DIAL. You took no account of your wife's services?

Mr. ROWLAND. No, sir.

Senator DIAL. You made no account of that?

Mr. ROWLAND. No, sir.

Mr. MILLER. How do you determine the price that you are to receive at the market for your products from day to day?

Mr. ROWLAND. Well, we go there; and if I have—

Chairman BALL. Before he answers that question I would like to know whether you sell to the jobbers or whether you sell directly to the consumers.

Mr. ROWLAND. I sell to grocerymen and commission men.

Chairman BALL. To men who sell again?

Mr. ROWLAND. Yes, sir. I do not sell to the consumers directly. I sell to the grocerymen.

Chairman BALL. I wanted that information before we got to the prices which you obtain.

Mr. MILLER. Will the reporter repeat the question that I asked?

(The reporter read as follows:)

How do you determine the price that you are to receive at the market for your products from day to day?

Mr. ROWLAND. I go around and see—for instance, if I have a load of potatoes that I think are worth \$2 a barrel I just hold them if I think they are worth \$2.50, but if they will not bring more than \$2 I will sell them for what I can get. Sometimes I am fooled. I got

fooled once. When have you been getting for a barrel of potatoes?

Mr. ROWLAND. I have not sold any Irish potatoes. I have a few early ones now.

Mr. MILLER. Do you ever sell at a much lower figure than you would like to sell at, because of being overstocked at the time?

Mr. ROWLAND. Yes, sir. At this time we have to sell cheaper than we would like to. We do not get a good price in the market now, but we are not any demand later on, and we would like to sell at a higher price.

Mr. MILLER. Do you ever have to reduce the price for storing or taking out of storage?

Mr. ROWLAND. Yes, sir. We would realize out of it.

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Mr. ROWLAND. Yes, sir. We would realize out of it.

Mr. ROWLAND. You mean, on the country line?

Mr. MILLER. Farmers, neighbors, people whom you meet in the course of your business.

Mr. ROWLAND. No, sir. Of course, we might stand around of a morning and say, "What do you think so-and-so will bring?" Somebody may say, "I think it will bring this or that." Somebody else may say, "I do not think it will bring that much." Of course, we have to use our own judgment. There is no set price; we use our own judgment.

Chairman BALL. Do you think the supply and demand with reference to a particular kind of product controls the price for that day?

Mr. ROWLAND. Yes, sir; that is what I think.

Chairman BALL. If there is more than there is a demand for, the price goes down?

Mr. ROWLAND. It will be cheap; yes.

Chairman BALL. If it is scarce, you can get any price you ask?

Mr. ROWLAND. Not always any price you ask; but you can get a good price.

Senator CAPPER. For those sweet potatoes you sold this morning you got \$11?

Mr. ROWLAND. \$11 this morning.

Senator CAPPER. Were there any other prices quoted to you?

Mr. ROWLAND. No, sir; I do not believe there were any other barrels of potatoes on the market this morning. It is awfully early for them. There were potatoes in boxes, but I do not think there were any barrels.

Senator CAPPER. Could you have gotten a higher price?

Mr. ROWLAND. No, sir; I never tried to get any more. That is all I asked. I do not know that they would have brought any more.

Senator CAPPER. You fixed the price yourself?

Mr. ROWLAND. I did. I asked \$11, and the people bought them.

Chairman BALL. That is one case where you thought you had a monopoly and you could fix any price?

Mr. ROWLAND. No, sir; I did not have any monopoly, but I thought they were worth that.

Chairman BALL. I mean, yours were the only barrels of sweet potatoes brought on the market to-day?

Mr. ROWLAND. The only ones I saw around me. I did not go all over the market. There may have been some others farther up the line, but none right around me.

Senator CAPPER. What else have you been selling lately?

Mr. ROWLAND. Tomatoes and cantaloupes.

Senator CAPPER. How about tomatoes? Are there many on the market now?

Mr. ROWLAND. Not so many; no.

Senator CAPPER. Do you find the same price offered for tomatoes, usually?

Mr. ROWLAND. Oh, no; one day tomatoes may be \$2.50—

Senator CAPPER. I mean, in the morning. The last time you were there with tomatoes were they all offering the same price?

Mr. ROWLAND. Oh, no; it depends on the quality of the stuff. There is a good deal of difference in the quality, you know. One box of tomatoes may be worth \$3, while another may not be worth \$1. There is a difference in quality.

Senator CAPPER. Are you able to get a better price by dickering with the different merchants there?

Mr. ROWLAND. I do not dicker with them. If they come along and price them I will tell them the price. If they give me an offer and I think it is a fair offer and it is as much as I am going to get I sell to them. If I think I can get more, I will hold them.

Senator CAPPER. You are able to get more, are you?

Mr. ROWLAND. Sometimes. Sometimes we get fooled, and it goes the other way.

Chairman BALL. How much did you say you had left after you paid all your debts? How much did you have left last year?

Mr. ROWLAND. About \$200—not over \$200, because I lost a good many crops with the grass eating them up. There was a scarcity of labor and I could not get the grass out. That is, after all expenses were paid.

Chairman BALL. You did not have to pay any internal revenue tax, then?

Mr. ROWLAND. No, sir.

Senator DIAL. The reason you get such a good price for your potatoes is that it is early in the season?

Mr. ROWLAND. They are scarce now.

Senator DIAL. You do not expect to get that much later?

Mr. ROWLAND. I certainly do not; no. In the early season they generally bring a good price.

Chairman BALL. How much do you suppose you have invested on your farm, implements and horses and machines?

Mr. ROWLAND. What do you mean—the whole time?

Chairman BALL. Now.

Mr. ROWLAND. I only have two horses, worth \$350—between \$300 and \$375, one farm wagon, one market wagon I bought at sale and paid \$89 for it. It is a good wagon.

Chairman BALL. Not over \$500, all told?

Mr. ROWLAND. No. Everything out there is worth about \$500.

Mr. MILLER. Counting horses, wagons, and everything?

Mr. ROWLAND. Yes, sir.

Mr. MILLER. You have never been aware, Mr. Rowland, of any individual or organization that told farmers to charge so much for their produce, or not to charge any more or any less on a certain day for any articles?

Mr. ROWLAND. No, sir.

Mr. MILLER. There is a very well defined rumor to that effect. It has been stated by people to the committee verbally and in written testimony. We would like to find out something about that.

Mr. ROWLAND. I never heard of anything like that; no.

Mr. MILLER. Those are all the questions I have to ask.

Chairman BALL. That will do. We are very much obliged to you for coming and testifying.

TESTIMONY OF MR. CHARLES B. FILLIUS.

The witness was duly sworn by Chairman Ball.

Senator CAPPER. State your name.

Mr. FILLIUS. Charles B. Fillius.

Senator CAPPER. What is your position?

Mr. FILLIUS. Market master, Farmers' Market.

Mr. MILLER. Will you outline the method, Mr. Fillius, by which business is transacted at the Farmers' Produce Market?

Mr. FILLIUS. The farmers come to the market. At the beginning of the year we have an application blank. They make out on it the number of days and months they expect to occupy the market, and they return that to me. Here is one of the blanks.

(The application blank referred to by the witness was marked "Exhibit A," and will be found at the end of this testimony.)

Senator SHEPPARD. Is that your own regulation, or is that a municipal regulation?

Mr. FILLIUS. A municipal regulation, sir.

After they state the number of days and months they expect to occupy a stand, I give them one of these forms (submitting a form to the committee, subsequently marked Exhibit B), regulating the hours they can be there, the time the market opens and closes, etc. In the winter months they open at 5 o'clock in the morning and in the summer months at 4.30 in the morning.

(The paper referred to, marked "Exhibit B," will be found at the end of this testimony.)

Senator SHEPPARD. Where is your market located?

Mr. FILLIUS. Located on B Street, Little B Street, between Tenth and Twelfth Streets NW.

Senator DIAL. Does it belong to the city?

Mr. FILLIUS. Yes, sir.

Senator SHEPPARD. Are you a city officer?

Mr. FILLIUS. Yes, sir.

Mr. MILLER. Give the approximate number of farmers that use facilities there.

Mr. FILLIUS. We have on an average, in a busy season—Saturday is the busiest day we have in the year—418 to 420.

Chairman BALL. Are they men who sell to the retailers or who sell to the wholesalers?

Mr. FILLIUS. They sell to anybody they care to sell to. There is no restriction at all, sir. They do a retail business, too. They can sell retail or wholesale, by the wagon load, one dozen eggs, two dozen eggs, or a coop of chickens—anything they please.

Senator CAPPER. The bulk of it is to wholesalers?

Mr. FILLIUS. Practically; yes, sir. It goes to retail grocers, hotel people, and hucksters on the street, or anybody else that wants to buy.

Mr. MILLER. From where do those farmers come? What is the approximate distance from Washington?

Mr. FILLIUS. Within a radius of 25 miles, from Virginia, Maryland, and the District of Columbia.

Mr. MILLER. To whom do they sell—the general retail trade?

Mr. FILLIUS. Anybody they can sell to. Hucksters and retail trade is about the bulk of their stuff, I think.

Mr. MILLER. From your observation, how are prices determined in the market there?

Mr. FILLIUS. Supply and demand, as near as I can come to it, sir. Some days you will find stuff a little short and the price will be high. The next day the stuff will be plentiful and the price will be cheaper.

Mr. MILLER. Have you ever discovered an attempt on the part of any organization or individuals to control prices that the farmers receive?

Mr. FILLIUS. No, sir. If I had I would have handled them or tried to handle them very strongly.

Mr. MILLER. In the position that you occupy you would probably be aware of it if it is going on, would you not?

Mr. FILLIUS. I think I would.

Mr. MILLER. You heard the statement I made to the last witness?

Mr. FILLIUS. Yes, sir.

Mr. MILLER. So I will not repeat it here; but if anything like that had occurred you would know of it, in your position?

Mr. FILLIUS. I certainly would, and I would have, to the best of my ability, endeavored to break it up.

Mr. MILLER. Has such a rumor ever come to your ears?

Mr. FILLIUS. No, sir.

Senator DIAL. Who pays your salary?

Mr. FILLIUS. The District of Columbia, sir.

Mr. MILLER. Would the farmers, from your observation, approve a system that would allow them to sell direct to the consumer rather than through any middleman or wholesaler?

Mr. FILLIUS. I do not know. You mean—I do not quite get you.

Mr. MILLER. I mean if arrangements should be made so that the farmers could sell direct to the consumers rather than through middlemen, thereby reducing one more cog in the scheme of distribution do you think the farmers would prefer that?

Mr. FILLIUS. I do not think that consumers would take it that way, because there are different ways. A man may come with a solid load of cabbage and potatoes, or something of that kind. Sometimes he has a mixed load. I do not think he could sell it that way.

Mr. MILLER. In other words, there have to be middlemen to take the large consignments off the farmer's hands?

Mr. FILLIUS. That is my idea about it, sir. I may be wrong, but that is my view of it.

Mr. MILLER. Can you give the committee any more points as to how the produce market is operated?

Mr. FILLIUS. You mean in regard to way the stuff is sold?

Mr. MILLER. Yes.

Mr. FILLIUS. It is sold to anybody that chooses to buy it. They back up there at the market. They are supposed to be there at least past 4 at this time of the year to get the stands. The stands are assigned to them. They have what they call an off-bearer that wheels the stuff off to whoever buys it; maybe to Seventh Street or Twelfth Street. Sometimes a man will wheel it five or six blocks. The farmer has to pay that off-bearer for wheeling out his products from \$2 to \$2.50 a load.

Mr. MILLER. Do you ever notice that any farmers have to dump their produce on the market because of an overstocked supply?

Mr. FILLIUS. No, sir; not in the last three years that has not occurred to my knowledge. I have seen the time, some years ago, when you could not sell tomatoes at 10 cents a box. You could not give them away. But not in the last three or four years. That has not occurred to my knowledge in the last three or four years.

Mr. MILLER. Your market has no delivery service?

Mr. FILLIUS. No, sir; no delivery.

Senator SHEPPARD. Are the stalls in the open or in a building?

Mr. FILLIUS. Just open. It is all open. There are three shelters just to protect the produce, but it hardly protects the horses very much.

Senator DIAL. Is one location about as desirable as another?

Mr. FILLIUS. Yes, sir; many prefer Tenth Street, so that they can get their goods within shorter delivery.

Senator SHEPPARD. At some of the other markets, like the P Street Market, the country people frequently drive up to the curb.

Mr. FILLIUS. Right back of the Center Market.

Senator SHEPPARD. P Street is the one I have in mind.

Mr. FILLIUS. That is the Riggs Market, I think. That is what we call the small trade that goes there; the retail trade.

Senator SHEPPARD. That is what I want to know. The farmer does sell directly to the consumer?

Mr. FILLIUS. Oh, yes; sure.

Senator SHEPPARD. There is a retail market here, then?

Mr. FILLIUS. Yes. Riggs Market, O Street Market, Fifth and K Street Market, Twenty-first and K Street, and the Eastern Market, where they go and retail direct to the consumer.

Senator SHEPPARD. Those are usually small farmers who have a little place on the curb?

Mr. FILLIUS. Yes, sir; with a small load of mixed stuff.

Senator CAPPER. Are they owned by the city?

Mr. FILLIUS. The Eastern and Western Markets; the rest are owned by corporations.

Senator CAPPER. Your market is municipally owned?

Mr. FILLIUS. Yes, sir.

Chairman BALL. How do the prices compare at these retail markets with the prices at the markets where they sell to the wholesale men?

Mr. FILLIUS. Why, I should judge they were a little higher. Of course, a man will sell a load of stuff—it may be a load of tomatoes—and a man will buy the whole wagonload, and the farmer will sell them maybe 10 cents a box less than he would in small lots to individuals.

Chairman BALL. You say "of course." That is what we want to know—the difference between the wholesale price and the retail price?

Mr. FILLIUS. It is cheaper always.

Mr. MILLER. Are you able to accommodate all the applicants for space?

Mr. FILLIUS. Yes, sir; we have so far.

Mr. MILLER. From your observations do the farmers seem to be satisfied with the prices which they are receiving?

Mr. FILLIUS. Yes, sir. The only drawback that I hear from the farmers is the labor situation. A farmer could plant more acreage if he had more help.

Senator DIAL. If more applied for space would you provide it?

Mr. FILLIUS. Yes, sir. None have been turned away, to my knowledge, since I have been there, sir.

Mr. MILLER. You have not known of any of your patrons who have failed or who had to give up farming because of lack of profit?

Mr. FILLIUS. No, sir; I have heard some of them say they cannot produce the stuff that they would like to produce on account of lack of help. They would put more acreage in if they had the help but there is no use to put it in if they can not gather it.

Senator SHEPPARD. Are these small fellows regulated by law; they have to have a license?

Mr. FILLIUS. No, sir; no license to sell around the markets.

Senator SHEPPARD. Do they have to have a permit?

Mr. FILLIUS. They get a permit from the market master at each of the markets.

Chairman BALL. In other words, he rents a stand?

Mr. FILLIUS. Yes, sir.

Senator SHEPPARD. I mean these small ones who sell at the curb do they have to have a permit?

Mr. FILLIUS. I think so.

Senator SHEPPARD. From you?

Mr. FILLIUS. No, sir; I have nothing to do with the small market. I am at the farmers' wholesale market.

Senator SHEPPARD. Do the markets that are run by private enterprise have to have a municipal master?

Mr. FILLIUS. No, sir; they have some one of their own employees to look after that, sir.

Senator SHEPPARD. Do permits have to be gotten from them, from the city; these small people?

Mr. FILLIUS. They are gotten from the market company at whatever charge is made; I do not know. Some are 10 cents and some more for each space.

Senator DIAL. What do you mean by a space?

Mr. FILLIUS. Just room enough for one wagon.

Senator DIAL. Each day?

Mr. FILLIUS. Yes, sir; daily.

Senator SHEPPARD. Do you have anybody on the curb at your market?

Mr. FILLIUS. On B Street; yes, sir.

Senator SHEPPARD. So you have both the wholesale and the retail right there?

Mr. FILLIUS. It is all wholesale and retail. There is no restriction.

Senator SHEPPARD. I did not know the small people sold there.

Mr. FILLIUS. We do not have the small people. They go to the other markets.

Senator SHEPPARD. Some of your wholesalers are on the curb?

Mr. FILLIUS. Yes, sir. They are on B Street NW. and Little B Street NW., Tenth and Twelfth Street. It takes in two squares. I am acquainted with the National Museum, it is right close to that. You have seen those three rows of sheds there.

Senator DIAL. Let me ask you another question. Have you any suggestion to make whereby we can get more farmers interested in raising foodstuffs?

Mr. FILLIUS. The only thing I can see is that if they can get more labor they can produce more stuff. That is all the suggestion I can make. They all holler labor every day.

Senator DIAL. Do they raise much poultry around here?

Mr. FILLIUS. Right smart of it that comes in in the fall of the year.

Senator SHEPPARD. Is there any meat brought in—any cattle brought in by the people at your stalls?

Mr. FILLIUS. A lot of them bring in dressed pork, along about Thanksgiving time.

Senator SHEPPARD. When it is cold enough to preserve it?

Mr. FILLIUS. Yes, sir; not this time of year.

Senator SHEPPARD. They kill when the weather is cold enough for the meat to keep so they can bring it in and sell it?

Mr. FILLIUS. Yes, sir.

Senator SHEPPARD. They bring in a lot of dressed pork, you say?

Mr. FILLIUS. Yes, sir.

Senator SHEPPARD. You do not get any dressed cattle?

Mr. FILLIUS. No, sir.

Senator SHEPPARD. Any mutton?

Mr. FILLIUS. No, sir.

Senator SHEPPARD. Any dressed chickens?

Mr. FILLIUS. Yes, sir; in the cold weather.

Senator SHEPPARD. They do not bring in any chickens at this time of the year?

Mr. FILLIUS. Alive.

Senator SHEPPARD. They bring in live chickens all through the year?

Mr. FILLIUS. Yes, sir.

Senator SHEPPARD. They do bring in considerable dressed pork in the cold weather?

Mr. FILLIUS. Yes, sir.

Senator DIAL. Do they claim that raising chickens and pork is a pretty profitable business?

Mr. FILLIUS. Yes, sir.

Senator DIAL. I would like to see more of it, then.

EXHIBIT A.

APPLICATION.

WASHINGTON, D. C., ———, 19—.

I hereby make application for space at the farmers' produce market, of the District of Columbia for the year 191—. I prefer space -- No. -----, which has heretofore been occupied by me. I agree to obey all laws and regulations relating to said market, and I understand that permission to occupy any space assigned to me may be revoked at any time.

I desire to occupy said space on Monday, Tuesday, Wednesday, Thursday, Friday, and Saturday of each week during the months of January, February, March, April, May, June, July, August, September, October, November, and December.

[Cross out days and months not desired.]

Signature-----

P. O. Address -----

R. F. D. -----

EXHIBIT B.

Permit No.-----

FARMERS' PRODUCE MARKET,
DISTRICT OF COLUMBIA,
MARKET MASTER'S OFFICE,
Washington, D. C., -----, 19---

Under the provisions of law and of the police regulations of the District of Columbia relating to the farmers' produce market, I hereby assign to ----- of ----- space -- No. ---- on said farmers' produce market on ----- of each week until December 31, 19--, on the following conditions:

1. That the said ----- shall use said space only for the purposes of selling farm produce of his own raising.

2. That he shall pay 20 cents daily in advance for each space occupied by him each day or part of a day.

3. That if he shall fail to occupy said space or spaces by the time for opening the market, to wit, 4.30 o'clock a. m., of any day during the months of April, May, June, July, August, or September, and by 5 o'clock a. m., of any day during the months of October, November, December, January, February, or March, shall thereby forfeit the right to use or occupy such space for that day.

4. That he will obey all the laws and regulations relating to the use of said market.

5. That this permit may be revoked at any time by the Commissioners of the District of Columbia, and any transfer of same other than by the master shall render it void.

GEO. M. ROBERTS,

Superintendent, Weights, Measures, and Markets, D. C.

-----, *Market Master*

TESTIMONY OF MR. EDWARD E. ANDERSON.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please give your full name and place of business.

Mr. ANDERSON. Edward E. Anderson, 901 B Street NW.

Mr. MILLER. What is your business, Mr. Anderson?

Mr. ANDERSON. Wholesale commission merchant.

Mr. MILLER. What products do you deal in?

Mr. ANDERSON. Fruits and vegetables.

Mr. MILLER. Any poultry or eggs or dairy products?

Mr. ANDERSON. No, sir.

Mr. MILLER. I would like you to explain to the committee the difference between the straight commission way of doing business and the straight-price basis.

Mr. ANDERSON. Well, in the commission business the farmer sells his goods to us and we sell it at the market price, deduct our commission and remit him the net proceeds. In the straight-price business we buy on the open market and sell at a fair profit.

Mr. MILLER. Do you use both methods in your business?

Mr. ANDERSON. Yes, sir.

Mr. MILLER. Do any particular conditions govern which basis you purchase on?

Mr. ANDERSON. Yes; supply and demand.

Mr. MILLER. In other words, if there is a good demand you buy on a straight-price basis?

Mr. ANDERSON. Yes, sir; and sometimes commission goods may fall off; the shipments may not come in. If you are in the market for that particular line of goods you go and buy it and sell at a fair profit.

Mr. MILLER. What is the usual commission?

Mr. ANDERSON. Ten per cent.

Mr. MILLER. Does that include all expenses, such as trucking, loading and unloading, and all that?

Mr. ANDERSON. No, sir. The drayage is deducted from the total. There is a drayage charge.

Mr. MILLER. The farmer pays for that?

Mr. ANDERSON. Yes, sir.

Mr. MILLER. You pay for all of the other expenses out of your 10 per cent commission?

Mr. ANDERSON. Yes, sir. We pay for the delivery of those articles. He pays for the delivery from perhaps the railroad station or the steamboat wharf; but for the city delivery, of course, we have to stand that.

Mr. MILLER. And any produce that is left over, the farmer loses?

Mr. ANDERSON. Well, no sir; not necessarily he does not lose; because the goods may be returned for to-day, and if they should be left over and deteriorate and sold at a loss, we must stand that loss. That often happens.

Mr. MILLER. That is when you are buying on the straight-price basis?

Mr. ANDERSON. No, sir; that is on the commission basis.

Mr. MILLER. Do you have a delivery service?

Mr. ANDERSON. We pay for our delivery service.

Mr. MILLER. I mean, when delivering to your customers?

Mr. ANDERSON. Yes, sir.

Mr. MILLER. By horse or automobile?

Mr. ANDERSON. We use an automobile.

Mr. MILLER. How many?

Mr. ANDERSON. We do not own any ourselves; we have it done.

Mr. MILLER. What does that service cost you per month?

Mr. ANDERSON. I should judge around \$75 a month.

Mr. MILLER. How many employees do you have?

Mr. ANDERSON. One.

Mr. MILLER. If you did not maintain that delivery service, would you lose a proportionate amount of your trade?

Mr. ANDERSON. Yes, sir.

Mr. MILLER. How much?

Mr. ANDERSON. Two-thirds of it.

Mr. MILLER. In fixing your price with the farmer, when buying on a straight price basis, how do you determine the price he is to get?

Mr. ANDERSON. It is supply and demand again. That makes price. The price may fluctuate. It may be one thing to-day and to-morrow it may be much more or much less.

Mr. MILLER. If you thought the farmer was asking a little too much, is there not some place or somebody you could call up to find out the governing prices that day?

Mr. ANDERSON. Just repeat that question again, please.

Mr. MILLER. I say, if you were not satisfied with the price that the farmer was offering his goods for, whom would you call up or get in touch with?

Mr. ANDERSON. Of course he will state his price and if you think it is not just right, of course you will not buy it. You will have to use your own judgment on that.

Senator SHEPPARD. He means, do you consult anybody else to see what they are offering?

Mr. ANDERSON. Oh, yes. We may go around and feel the market out.

Senator SHEPPARD. That is what we want to bring out. Now, describe that business.

Mr. ANDERSON. These farmers, as Mr. Fillius just testified, are backed up at the farmers' market, and you go around and ask them

the price, and if you think it is too high you go to another one. He may be a little bit lower. You go to another one and he may be a little bit lower, or he may be a little bit higher. You do that until you come to the price you think you can pay and you purchase at that price.

Senator SHEPPARD. Do you go to the sellers or do the sellers come to you?

Mr. ANDERSON. We go to the sellers.

Senator SHEPPARD. Do your customers place their orders with you, tell you they want you to get so much for them of certain articles?

Mr. ANDERSON. Yes, sir; we have orders placed very often.

Senator SHEPPARD. Do you charge your customers a commission?

Mr. ANDERSON. No, sir.

Mr. MILLER. When you buy on the commission basis, does not that tend more to speculation than if you bought on a straight-price basis?

Mr. ANDERSON. When you buy on a commission basis?

Mr. MILLER. Is there not somewhat more of a tendency to create a speculative market when you buy on a commission basis than on a straight-price basis?

Mr. ANDERSON. I do not quite get you.

Mr. MILLER. In other words, when you buy on the commission basis, is there not more of an incentive for you to make every endeavor to squeeze the top price out of your customer rather than if you bought on the straight-price basis?

Mr. ANDERSON. No, sir; I do not think so.

Mr. MILLER. You do not think that buying on a commission basis tends to a speculative market?

Mr. ANDERSON. No, sir; I do not.

Mr. MILLER. Do you suffer any losses through improper packing and delivery and refrigeration?

Mr. ANDERSON. Yes, sir; sometimes we do. Sometimes the shipments are often delayed, and, of course, perishable goods that are delayed arrives very often in bad condition. That is the fault of the transportation company, usually.

Chairman BALL. Do you think there is any price fixing by the farmers, or do you just go into the market—

Mr. ANDERSON. We buy on the open market.

Chairman BALL. You buy at the cheapest price you can?

Mr. ANDERSON. Yes, sir.

Chairman BALL. There does not seem to be any fixed price among the farmers?

Mr. ANDERSON. No, sir; there does not seem to be any fixed price at all.

Senator CAPPER. I understood you to say that a good deal of this produce is shipped in by rail and steamboat?

Mr. ANDERSON. That is the means of delivery; yes, sir.

Senator CAPPER. Some farmer away off in Maryland or Virginia sends you his produce to sell?

Mr. ANDERSON. Yes, sir.

Senator CAPPER. He does not have anything to say about fixing the price, does he?

Mr. ANDERSON. Yes, sir; we sell it at the market price.

Senator CAPPER. Of course, the farmer does not attempt to tell you what that price is?

Mr. ANDERSON. No, sir; not at all.

Senator CAPPER. Who establishes that price?

Mr. ANDERSON. Supply and demand, again, would establish that price.

Senator CAPPER. How do you find out the supply and demand?

Mr. ANDERSON. We go around the market and see how much is on the market. If there is an oversupply, of course, it will have to be sold at a small profit. If there is not so much, of course, it will bring a better price.

Senator CAPPER. Then, after all, you say what you think the price should be?

Mr. ANDERSON. Yes, sir.

Chairman BALL. This produce that is shipped in by rail and by boat: You do not buy that outright; you generally sell on that commission, as I understand you?

Mr. ANDERSON. Yes, sir.

Mr. MILLER. Do you make any arrangements with farmers to buy their crops for a month ahead?

Mr. ANDERSON. No, sir.

Mr. MILLER. You do not buy ahead, at all?

Mr. ANDERSON. No, sir.

Mr. MILLER. Is your place of business rented or owned?

Mr. ANDERSON. Rented.

Mr. MILLER. What rent do you pay?

Mr. ANDERSON. Three hundred and a quarter a month.

Mr. MILLER. When did you have to renew the lease last?

Mr. ANDERSON. Two years ago.

Chairman BALL. How much capital have you invested?

Mr. ANDERSON. Three thousand dollars.

Chairman BALL. Did you pay an internal revenue tax?

Mr. ANDERSON. Yes, sir.

Chairman BALL. On how much this last year?

Mr. ANDERSON. How much did we pay? \$50.

Chairman BALL. What were your net profits last year?

Mr. ANDERSON. Our net profits were about between \$1,100 and \$1,200.

Senator SHEPPARD. What is your volume of business?

Mr. ANDERSON. About \$30,000.

Senator SHEPPARD. Does the \$1,100 or \$1,200 include anything you charged for your services? Were your services deducted?

Mr. ANDERSON. Yes, sir; with my services deducted.

Senator SHEPPARD. What did you allow for your own services?

Mr. ANDERSON. About \$100 a month.

Chairman BALL. You did not have to pay any revenue tax last year, did you?

Mr. ANDERSON. Yes, sir, I did. I also paid an internal revenue or special tax of \$50 as a broker's tax, besides the city license of \$40 a year to the District, which is a commission merchant's license.

Senator DIAL. Is that based on the quantity of business you do?

Mr. ANDERSON. No, sir; that is a straight tax every year, of \$40.

Mr. MILLER. As a commission man would you prefer buying from growers' or shippers' associations rather than from the farmers direct?

Mr. CLOWE. No, sir.

Mr. MILLER. Do you buy ahead at any time?

Mr. CLOWE. No, sir.

Mr. MILLER. What price-fixing agreements are there here in the District that you know of?

Mr. CLOWE. Not any that I know of.

Senator CAPPER. Have you any organization of commission men here or associations of any kind that you belong to?

Mr. CLOWE. No, sir.

Mr. MILLER. Do you maintain a delivery service?

Mr. CLOWE. Yes, sir.

Mr. MILLER. What does it consist of?

Mr. CLOWE. Three automobile trucks.

Mr. MILLER. What is the approximate cost of that service per month?

Mr. CLOWE. My expenses run about \$75 a day.

Mr. MILLER. For delivery?

Mr. CLOWE. No; that is the expense of the business. The delivery is \$25.

Mr. MILLER. You mean your delivery service costs you \$25 a day!

Mr. CLOWE. Close on to that, sir.

Mr. MILLER. If you did not have that delivery service, what proportion of your trade would you lose?

Mr. CLOWE. About three-fourths of it.

Senator SHEPPARD. What margin of profit do you figure on in order to meet your expenses and pay you a reasonable profit?

Mr. CLOWE. About 10 per cent.

Senator DIAL. What do you pay your truck drivers?

Mr. CLOWE. From \$22 to \$25 a week; and then we have a helper that gets \$20 a week.

Mr. MILLER. One other question: How many people do you employ?

Mr. CLOWE. Thirteen, with my partner and myself.

Mr. MILLER. What is your average pay roll for the week?

Mr. CLOWE. \$350.

Mr. MILLER. Have you raised wages since you went into business several years ago?

Mr. CLOWE. Yes, sir; I had to raise them.

Mr. MILLER. How much proportionately, the Senator wants to know?

Mr. CLOWE. I raised them one-third more. Some of them I raised 50 per cent more.

Mr. MILLER. Does that cut down your profits?

Mr. CLOWE. Yes, sir.

Chairman BALL. What commission did you charge three years ago?

Mr. CLOWE. I was only in business about two years ago.

Chairman BALL. You were not in business three years ago?

Mr. CLOWE. No, sir.

Chairman BALL. How long have you been in business?

Mr. CLOWE. Two years and two months.

Chairman BALL. You charge 10 per cent commission now. What did you charge two years ago?

Mr. CLOWE. Ten per cent.

Chairman BALL. You charge the same commission, and yet expenses have increased very greatly?

Mr. CLOWE. They have increased some; yes, sir. The business has increased.

Chairman BALL. Would you think the increase of volume is equal to your increase in expenses?

Mr. CLOWE. Yes, sir.

Chairman BALL. Increased wages and increased expense for trucks, etc.?

Mr. CLOWE. I think so; yes, sir.

Senator SHEPPARD. Where do the parties you buy from live, principally?

Mr. CLOWE. I buy from the wholesale produce market, and then I buy from different parts of the country.

Senator SHEPPARD. Farmers in different parts of the country?

Mr. CLOWE. That is, associations, mostly.

Senator SHEPPARD. Farmers' associations?

Mr. CLOWE. Yes, sir.

Senator CAPPER. Your business has increased this year, has it?

Mr. CLOWE. Yes, sir.

Senator CAPPER. You made \$6,000 last year?

Mr. CLOWE. The firm made \$5,000 last year; I did not make it myself.

Chairman BALL. That is \$2,500 apiece?

Mr. CLOWE. Yes, sir.

Senator CAPPER. You pass on to the retailer your profit tax and income tax?

Mr. CLOWE. Yes, sir.

Senator DIAL. I do not exactly understand what you mean when you say you buy from the wholesale produce market.

Mr. CLOWE. That is what they call the country line, where the farmers come in early in the morning.

Senator DIAL. You buy, then, from the farmers at that place?

Mr. CLOWE. Yes, sir.

Senator DIAL. But there is no such thing as a produce market here, a company?

Mr. CLOWE. No, sir; that is what they call the produce market.

Senator DIAL. Exactly; that is what I thought.

STATEMENT OF WILLIAM J. LEISHEAR.

(The witness was duly sworn by Chairman Ball).

Mr. MILLER. Will you give your full name, please?

Mr. LEISHEAR. William J. Leishear.

Mr. MILLER. And your place of business?

Mr. LEISHEAR. 915 B Northwest.

Mr. MILLER. How long have you been in business?

Mr. LEISHEAR. Thirty years.

Mr. MILLER. What is your total investment?

Mr. LEISHEAR. \$20,000.

Mr. MILLER. Do you own or rent your place?

Mr. LEISHEAR. I rent.

Mr. MILLER. Has your rent been raised recently?

Mr. LEISHEAR. No, sir.

Mr. MILLER. Do you have long-term leases?

Mr. LEISHEAR. No, sir; I have no leases.

Chairman BALL. You have a good landlord.

Mr. LEISHEAR. Yes, sir.

Senator SHEPPARD. Whom do you rent from?

Mr. LEISHEAR. We rent through Thomas J. Fisher & Co.

Senator SHEPPARD. Do you know who your landlord is?

Mr. LEISHEAR. No, sir. It is the Phillips estate.

Mr. MILLER. What yearly rent do you pay?

Mr. LEISHEAR. One hundred and twenty-five dollars a month.

Mr. MILLER. How many square feet of floor space have you?

Mr. LEISHEAR. About one thousand or twelve hundred.

Mr. MILLER. What was your total volume of business last year?

Mr. LEISHEAR. \$225,000.

Mr. MILLER. What were your net profits on that?

Mr. LEISHEAR. \$5,100.

Mr. MILLER. Are you incorporated?

Mr. LEISHEAR. No, sir. W. W. Leishear & Son.

Mr. MILLER. You are in partnership with your son?

Mr. LEISHEAR. No, sir; two brothers.

Mr. MILLER. Your total net profits were how much?

Mr. LEISHEAR. \$5,100.

Mr. MILLER. How did you compensate yourself and your copartner?

Mr. LEISHEAR. That is \$5,100 between the two of us.

Mr. MILLER. \$5,100 between the two of you?

Mr. LEISHEAR. Yes, sir; that was all our net profits.

Mr. MILLER. You said you divided that up between you?

Mr. LEISHEAR. Yes, sir.

Chairman BALL. Did you charge up a weekly salary for yourself and your partner?

Mr. LEISHEAR. Yes, sir; just the same as the rest.

Chairman BALL. How much did you charge?

Mr. LEISHEAR. Thirty dollars a week.

Mr. MILLER. You deal in what product?

Mr. LEISHEAR. Fruit and produce.

Mr. MILLER. Any other dairy lines or farm products?

Mr. LEISHEAR. No, sir.

Mr. MILLER. Do you buy from the association or direct from the farmers?

Mr. LEISHEAR. We buy from both, both from the farmers and from the association.

Mr. MILLER. And proportionally, how much from each?

Mr. LEISHEAR. Oh, I guess 50-50. I should judge about half.

Mr. MILLER. Do you maintain a delivery service?

Mr. LEISHEAR. Yes, sir.

Mr. MILLER. Consisting of what?

Mr. LEISHEAR. Three automobiles.

Mr. MILLER. What is your approximately weekly cost of the service?

Mr. LEISHEAR. That is about \$100.

Mr. MILLER. One hundred dollars a week?

Mr. LEISHEAR. One hundred dollars apiece. No; \$100 for the three.

Mr. MILLER. One hundred dollars per week for the three?

Mr. LEISHEAR. Yes, sir; \$100 per week for the three.

Mr. MILLER. If you didn't have that service, what proportion of your trade would you lose?

Mr. LEISHEAR. I guess half of it, because we have to deliver to stores and markets and boarding houses and hotels.

Mr. MILLER. Do any people come after your products?

Mr. LEISHEAR. Very few.

Mr. MILLER. Those people who do come after the goods you sell, of course, have to bear the expense of the people to whom you deliver?

Mr. LEISHEAR. Yes, sir.

Mr. MILLER. What price-fixing agreements are there in the District of Columbia?

Mr. LEISHEAR. Not any that I know of; I never heard of any.

Mr. MILLER. Where do you go to determine the proper price to charge?

Mr. LEISHEAR. We have to make our own price as the stuff comes in. As we buy it, we sell it on a profit basis.

Mr. MILLER. Ten per cent as a rule?

Mr. LEISHEAR. Yes, sir; 10 per cent as a rule.

Senator SHEPPARD. That seems to be the standard here in Washington?

Mr. LEISHEAR. Yes, sir.

Senator SHEPPARD. For men in your business?

Mr. LEISHEAR. Yes, sir.

Mr. MILLER. You also do business on a straight-price basis?

Mr. LEISHEAR. Yes, sir.

Senator SHEPPARD. This percentage profit is not regulated by law, is it?

Mr. LEISHEAR. No, sir; I don't think it is; I never heard of it.

Mr. MILLER. Do you think a speculative tendency is created by buying on a commission basis, rather than on a straight-price basis?

Mr. LEISHEAR. No, sir; I don't think so.

Mr. MILLER. You understand the question, do you?

Mr. LEISHEAR. Yes, sir.

Senator SHEPPARD. Have you some means of ascertaining what supply is available, in fixing the price?

Mr. LEISHEAR. Yes, sir.

Senator SHEPPARD. How do you do that? Do you do it by personal observation?

Mr. LEISHEAR. We go around and see what comes in, and what is on the market, and what we have on hand, and of course that regulates the price, as well as the quality of the goods.

Senator SHEPPARD. Is there any system by which you can ascertain that by telephoning, instead of going yourself?

Mr. LEISHEAR. No, sir.

Senator SHEPPARD. You have to see the quality, as well as the quantity?

Mr. LEISHEAR. Yes, sir.

Chairman BALL. Do you do a commission business?

Mr. LEISHEAR. Yes, sir.

Chairman BALL. What percentage do you charge?

Mr. LEISHEAR. Ten per cent.

Mr. MILLER. How do the prices this year compare with the prices you were able to obtain in 1918?

Mr. LEISHEAR. They are a little higher this year, sir.

Mr. MILLER. Are the farmers giving you any reason for that?

Mr. LEISHEAR. They claim they haven't got the amount of goods and it costs them more to raise it, and the quality is a good deal better.

Mr. MILLER. Do they say anything about the labor?

Mr. LEISHEAR. Well, of course, they are short of labor. A good many farmers are doing their own work.

Mr. MILLER. It is your experience in the last few years that the amount of farm labor has decreased?

Mr. LEISHEAR. Yes, sir.

Senator SHEPPARD. Do you have any difficulty in securing help?

Mr. LEISHEAR. We have had; yes, sir.

Senator SHEPPARD. Did you increase the pay of your help within the last year?

Mr. LEISHEAR. Yes, sir.

Senator SHEPPARD. About what percentage?

Mr. LEISHEAR. Some of them 50 per cent.

Senator SHEPPARD. Would it average about 40?

Mr. LEISHEAR. Easy that; yes, sir. Then, we had to employ more men to do the same amount of work on account of their not being experienced.

Senator SHEPPARD. You can not get as much experienced labor as you want?

Mr. LEISHEAR. No, sir; you can't get it, sir.

Chairman BALL. Do you find the labor proposition any better since the soldiers have returned?

Mr. LEISHEAR. No, sir. Plenty of them come along and ask for a day's work, and work for an hour, and the next thing you know they are gone. You never see them any more. They never ask you for the hour's pay.

Chairman BALL. What do you think produces that condition.

Mr. LEISHEAR. Well, I don't know. I don't see why the soldier boys couldn't go right in and work. We pay good wages all along our line, to most any ordinary man.

Mr. MILLER. You had some unfortunate experiences with ex-soldier help?

Mr. LEISHEAR. Yes, sir.

Senator SHEPPARD. Where are most of the people that you buy from located, outside the city or in the city?

Mr. LEISHEAR. We buy a good deal in the city and we buy a good deal in Baltimore, New York, Philadelphia, Jersey.

Senator SHEPPARD. You deal in fruit and vegetables?

Mr. LEISHEAR. Yes, sir; fruit, vegetables, and produce.

STATEMENT OF MR. JAMES M. PAYNE.

The witness was duly sworn by Chairman Ball.

Mr. MILLER. Give your full name.

Mr. PAYNE. James M. Payne.

Mr. MILLER. And your place of business?

Mr. PAYNE. 931 B.

Mr. MILLER. How long have you been in business?

Mr. PAYNE. About 20 years.

Mr. MILLER. What is the total amount of your capital investment?

Mr. PAYNE. About \$4,000.

Mr. MILLER. Do you own your place of business?

Mr. PAYNE. No, sir.

Mr. MILLER. From whom do you rent it?

Mr. PAYNE. The gentleman's name, you mean?

Mr. MILLER. Yes, sir.

Mr. PAYNE. Mr. A. B. Legare.

Senator SHEPPARD. Does he own the place you rent?

Mr. PAYNE. Yes, sir.

Mr. MILLER. Has your rent been increased recently?

Mr. PAYNE. Not recently.

Mr. MILLER. When did you sign your last lease?

Mr. PAYNE. The 1st of January.

Mr. MILLER. Did that increase your rent over your former lease?

Mr. PAYNE. No, sir.

Mr. MILLER. When did you last have to pay an increased rental?

Mr. PAYNE. About 10 years; I guess 8 years, something like that.

Mr. MILLER. What do you pay per month?

Mr. PAYNE. \$100.

Mr. MILLER. How much floor space have you in your store?

Mr. PAYNE. I suppose it is 100 feet long by 16 feet wide.

Mr. MILLER. About 1,600 square feet?

Mr. PAYNE. Yes, sir; about that.

Mr. MILLER. What was your volume of business last year?

Mr. PAYNE. Between forty and fifty thousand dollars.

Mr. MILLER. A little more accurately, if you can give it to us.

Mr. PAYNE. Well, I think along about \$42,000; somewhere near that.

Mr. MILLER. What were your net profits on that business?

Mr. PAYNE. About \$2,000.

Mr. MILLER. Did you charge your own services against that?

Mr. PAYNE. That was my net profit.

Mr. MILLER. Deducting what you allowed for your own services?

Mr. PAYNE. Deducting expenses.

Mr. MILLER. How much did you deduct for your own services?

Mr. PAYNE. I didn't deduct anything for my services at all. I mean that is my net profit.

Chairman BALL. You did not deduct anything for your own services?

Mr. PAYNE. No, sir. I don't draw a salary. I own the business, and whatever my profits are is my salary.

Chairman BALL. You and your brother operate together as partners?

Mr. PAYNE. My brother is not with me now.

Chairman BALL. His name only appears in the title?

Mr. PAYNE. Yes, sir.

Chairman BALL. You are not incorporated?

Mr. PAYNE. No, sir.

Chairman BALL. And it is not a partnership?

Mr. PAYNE. No, sir.

Chairman BALL. You are alone now?

Mr. PAYNE. Yes, sir.

Chairman BALL. The name implied it was a partnership.

Mr. PAYNE. It was up to two years ago. My brother was with me.

Chairman BALL. Do you do a commission business?

Mr. PAYNE. Yes, sir.

Chairman BALL. What commission do you charge?

Mr. PAYNE. Ten per cent.

Chairman BALL. How long have you been charging 10 per cent?

Mr. PAYNE. Ever since I have been in business. Well, I think for the first three or four years I charged eight. Since then we have been charging ten.

Chairman BALL. How long have you been charging ten?

Mr. PAYNE. Fifteen or 16 years.

Chairman BALL. You have been charging 10 per cent for 16 years?

Mr. PAYNE. Yes, sir.

Chairman BALL. Isn't that a larger percentage than commissions in other cities charge?

Mr. PAYNE. I don't know, sir.

Chairman BALL. You do not know?

Mr. PAYNE. I guess it is about the same, though. I reckon it is.

Chairman BALL. I know it is larger than they used to charge in other cities.

Mr. PAYNE. Not on fruit and vegetables, I don't think.

Mr. MILLER. How many employees do you have?

Mr. PAYNE. I haven't any, except my colored labor.

Mr. MILLER. What is your weekly pay roll?

Mr. PAYNE. I think my labor cost me about \$1,700 last year.

Mr. MILLER. For just one man?

Mr. PAYNE. No, sir; two men.

Mr. MILLER. I thought you said you only had one man.

Mr. PAYNE. Sir?

Mr. MILLER. What is the total number of your employees?

Mr. PAYNE. Two colored men.

Mr. MILLER. Do you have a delivery service?

Mr. PAYNE. Yes, sir.

Mr. MILLER. How much does that cost you, approximately?

Mr. PAYNE. I couldn't tell you exactly what my delivery service costs.

Mr. MILLER.

Is it automobile or wagon?

Mr. PAYNE. Automobile truck.

Mr. MILLER. You have no idea how much that service costs you?

Mr. PAYNE. My expense for running the business costs me about \$4,000 a year.

Mr. MILLER.

You know that, but you can not differentiate and give the cost of the delivery service?

Mr. PAYNE. I could be going over my books and figuring it out.

Mr. MILLER. If you didn't have that delivery service, what proportion of your trade would you lose?

Mr. PAYNE. Well, I guess I would lose half of it I reckon. It is hard to tell, sir.

Mr. MILLER. What price-fixing agreements exist here in Washington that you have heard of?

Mr. PAYNE. Price fixing?

Mr. MILLER. Yes.

Mr. PAYNE. All the price fixing I know is what I fix myself—what I try to get.

Mr. MILLER. You have not heard any rumors that prices are fixed in the District of Columbia?

Mr. PAYNE. No, sir.

Mr. MILLER. You have not heard of any of the farmers complain or talk about it at any time?

Mr. PAYNE. No, sir.

Mr. MILLER. In your opinion, does handling goods on a commission basis tend toward a speculative market?

Mr. PAYNE. No, sir.

Mr. MILLER. Do you understand the question?

Mr. PAYNE. Yes, sir. You mean if we try to get more when we sell on commission. Is that what you mean?

Mr. MILLER. Yes, sir.

Mr. PAYNE. No, sir. We only charge 10 per cent, and we sell it for what it will bring.

Mr. MILLER. Do you buy produce far ahead?

Mr. PAYNE. No, sir.

. STATEMENT OF MR. W. H. HARRISON.

The witness was duly sworn by Chairman Ball.

Mr. MILLER. Will you give your full name?

Mr. HARRISON. William H. Harrison.

Mr. MILLER. And your place of business?

Mr. HARRISON. 507-511 B Street NW.

Mr. MILLER. How long have you been in business?

Mr. HARRISON. About 16 years.

Mr. MILLER. What is the total amount of capital you have invested in your business?

Mr. HARRISON. I should judge about \$60,000 now.

Mr. MILLER. Do you rent or own your store?

Mr. HARRISON. We rent them.

Mr. MILLER. What is your total floor space?

Mr. HARRISON. I should judge about 2,500 feet.

Mr. MILLER. What was your volume of business last year?

Mr. HARRISON. I think I have it here. For 1917 or 1918?

Mr. MILLER. 1918.

Mr. HARRISON. \$1,183,000.

Mr. MILLER. For 1918?

Mr. HARRISON. Yes, sir. I have it here from 1914. We have been incorporated for two years, and I happen to have that from 1914 to 1918.

Chairman BALL. Just give it for those years.

Mr. HARRISON. I have no objection, if you care to have it.

Chairman BALL. You have no objection to submitting the paper containing that information?

Mr. HARRISON. No, sir.

(The paper referred to is marked "Exhibit A" and is as follows)

Comparative statement of business transacted during the years given

Year.				
1914.....	\$204,541.29	\$33,763.04	\$25,051.65	\$8,
1915.....	220,766.89	35,096.55	26,304.44	8,
1916.....	342,375.67	46,667.57	31,756.55	14,
1917.....	628,499.12	84,648.44	58,981.95	125,
1918.....	1,183,287.44	115,925.42	87,550.02	128,
1919 ¹	600,045.45	62,564.68	45,756.85	16,

Year.	Per cent of gross profit on gross sales.	Per cent net profit on gross
1914.....	16 $\frac{1}{2}$	
1915.....	15 $\frac{1}{2}$	
1916.....	15 $\frac{1}{2}$	
1917.....	13 $\frac{1}{2}$	
1918.....	9 $\frac{1}{2}$	
1919.....	10 $\frac{1}{2}$	

¹ Out of the net earnings for 1917 there was paid \$11,412.08 income tax.

² Out of the net earnings for 1918 there was paid \$13,546.33 income tax.

³ Six months ending June 30.

Mr. MILLER. You are now incorporated?

Mr. HARRISON. Yes, sir.

Mr. MILLER. How long have you been incorporated?

Mr. HARRISON. Two years.

Mr. MILLER. For how much?

Mr. HARRISON. \$50,000.

Mr. MILLER. What were your net profits last year? Does it show on the exhibit?

Mr. HARRISON. Yes, sir.

Mr. MILLER. What was it?

Mr. HARRISON. In 1914 it was \$8,711; in 1915 it was \$8,791, was a few cents over; in 1916 it was \$14,911; in 1917 it was \$25,666, was a war tax and income tax of \$11,412 to be deducted.

Chairman BALL. We don't figure on that, because that was calculated on your profits. We are getting at your profits.

Mr. HARRISON. The profit was \$25,666 in 1917, and of course, the tax was taken off that. In 1918 it was \$28,375.

Mr. MILLER. Do you do business on a commission basis, as well as a straight price basis?

Mr. HARRISON. Yes, sir, some. We do, approximately, I should judge, 25 per cent commission business.

Mr. MILLER. The rest is on a straight price basis from the farmer?

Mr. HARRISON. Not from the farmer. We buy very little stuff from the farmer.

Mr. MILLER. Do you buy from the Growers' and Shippers' Association?

Mr. HARRISON. Yes, sir; pretty nearly all from the association.

Mr. MILLER. May I ask you why you do that?

Mr. HARRISON. Well, they handle stuff in car lots and that is the only way we can handle it to any advantage.

Mr. MILLER. Does it come in in better shape?

Mr. HARRISON. All car lot stuff comes to my place in better shape.

Mr. MILLER. Have you been aware of any price-fixing agreements here in the District?

Mr. HARRISON. I have not.

Mr. MILLER. Have you ever heard any of your customers say anything about it?

Mr. HARRISON. No, sir.

Mr. MILLER. Have you bought from the farmers and heard the farmers discuss that?

Mr. HARRISON. I have bought from the farmers, but I haven't heard them discuss that; no, sir.

Mr. MILLER. In your opinion, does handling goods on a commission basis tend toward speculative prices?

Mr. HARRISON. On all goods on commission I get the highest price I can for it.

Mr. MILLER. Because that means a better commission for you?

Mr. HARRISON. It satisfies the man better and I get more commission for myself.

Chairman BALL. You treat those goods exactly the same as goods you buy outright for yourself?

Mr. HARRISON. I give them the preference. You can buy stuff anytime, but you can not get it on commission anytime.

Chairman BALL. What percentage do you charge?

Mr. HARRISON. Ten per cent.

Mr. MILLER. Is there any great variation in the prices offered by one commission man as compared with another?

Mr. HARRISON. Well, there is sometimes, but usually not.

Mr. MILLER. Why is it that there is not a very large variation?

Mr. HARRISON. Well, all of them along there are experienced, especially the ones that handle stuff on commission, and it necessarily takes an experienced man to know the price of it.

Mr. MILLER. In other words, the men have had so much experience that their estimate of what they should pay all over the city generally coincides?

Mr. HARRISON. To some extent it does. Of course, you will find a great variation in prices, but commission men usually ask nearly the same price. Of course, you will find sometimes a great difference in it.

Mr. MILLER. Suppose a commission man wants to get some enlightenment on the prices, how does he go about doing that?

Mr. HARRISON. I couldn't say, only he would probably look around.

Mr. MILLER. Just say what you would do yourself.

Mr. HARRISON. I would look around and see how much stuff there was on the market, and the different varieties, and use my own judgment on that.

Mr. MILLER. Would you telephone around, or would you go around?

Mr. HARRISON. I would not telephone. I wouldn't let anybody know I was looking for that information; otherwise I wouldn't get it.

Mr. MILLER. Do you buy any produce ahead?

Mr. HARRISON. Some, not much.

Mr. MILLER. What do you buy?

Mr. HARRISON. Just for my wants from week to week.

Mr. MILLER. Do you have to do that through the association?

Mr. HARRISON. Oh, yes.

Mr. MILLER. You don't buy it through individual farmers?

Mr. HARRISON. Never; no, sir.

Mr. MILLER. How does the price compare this year with 1918?

Mr. HARRISON. I see very little difference. There is probably some stuff higher, and a good deal of it cheaper. I should judge it is a little bit higher this year than it was last year.

Mr. MILLER. Have you heard any farmers express their ideas of the labor condition?

Mr. HARRISON. It is the only thing they usually talk about, is the labor condition. They can't get half enough labor to grow their crops.

Mr. MILLER. That makes a short production?

Mr. HARRISON. A short production.

Mr. MILLER. That is predominantly the trouble with the farmer?

Mr. HARRISON. That is the way it is with everybody.

Mr. MILLER. You don't hear any complaining about the price they get for what they do grow?

Mr. HARRISON. No, sir; they are very well satisfied with the price.

Mr. MILLER. Are you able to enlighten the committee in any way on the hazards of your business?

Mr. HARRISON. I don't quite catch that.

Mr. MILLER. Can you enlighten the committee as to the difficulties and troubles of the commission men in their business that tend to cut down your profits, any wastage?

Mr. HARRISON. I have very little waste myself. Of course, there is a good deal of waste at times through express stuff, but my waste is very little. I am there myself all the time, I and my brother are there all the time. He is in business with me.

Chairman BALL. Most of the stuff you handle is on commission?

Mr. HARRISON. Yes, sir.

Chairman BALL. And if there is any waste, you do not lose that?

Mr. HARRISON. I do not lose it; no, sir.

Chairman BALL. The shipper loses it, or the producer loses it?

Mr. HARRISON. Yes, sir.

Chairman BALL. How many commission men are there in the city?

Mr. HARRISON. I really do not know. I should judge there are 25 in our block, and maybe 50 in our business. That is not authority, of course.

Senator CAPPER. They are all doing pretty well now, are they not?

Mr. HARRISON. I should judge so.

Senator CAPPER. As a matter of fact, the higher the cost of living, the better it is for the commission man, is it not?

Mr. HARRISON. The more stuff they can sell the more money they can make.

Chairman BALL. Your percentage is the same, no matter how much they buy?

Mr. HARRISON. All commission stuff is on a commission basis. The more they bring, the more you will buy. The bought stuff, you do the best you can.

Chairman BALL. On the same amount you are handling now and the same amount five years ago on the 10 per cent basis, you are easily making twice as much out of it?

Mr. HARRISON. I should say so.

Senator DIAL. In handling goods on a commission or buying them outright, is there not a good deal of conflict about that? Would there not be a tendency to hold off the market for the goods you have on commission, and sell the goods you have bought outright? I do not say that is what you are doing, but I ask you if that would not be the tendency?

Mr. HARRISON. I do not think so.

Senator DIAL. You think there would be no conflict of interests there?

Mr. HARRISON. Well. I wouldn't think so, because a man necessarily has to sell what is consigned to him. He has to sell it. He has to sell what he owns, too, because if he doesn't, it spoils. He has got to sell it off.

Senator DIAL. That is the point. If there is not enough trade to buy what you have consigned and what you own, what do you do?

Mr. HARRISON. A man usually knows, don't you know, when to buy and when not, if he is on the job.

Senator DIAL. I wanted to know whether it would be better to do a straight business in one line alone.

Mr. HARRISON. I don't think there is enough business for that, in either one line. There is enough in the buying line, but I mean on a commission basis. I don't think it would justify a man to continue in the business. I would prefer the buying business 10 to 1.

Mr. MILLER. How many employees have you?

Mr. HARRISON. About 30 now; usually anywhere from 25 to 35.

Mr. MILLER. And your average weekly pay roll is what?

Mr. HARRISON. I should say from \$1,000 to \$1,200 a week.

Mr. MILLER. Do you maintain a delivery service?

Mr. HARRISON. Yes, sir.

Mr. MILLER. What does it consist of?

Mr. HARRISON. Five trucks and three wagons.

Mr. MILLER. Can you tell us approximately how much that costs you per week or per month?

Mr. HARRISON. I don't believe there is any way I can estimate it, because we handle our stuff from our cars and do our delivering with the same teams. Of course, we have never figured the delivery end of it. I should say half the actual cost would be the cost of delivery.

Mr. MILLER. Half your weekly expenses?

Mr. HARRISON. No, sir. I say half my team hire, what it costs me to keep my teams and automobiles. We haul our stuff from the cars ourselves. We don't hire it out. After we get through we deliver our goods with the same trucks.

Mr. MILLER. Approximately, how much trade would you lose if you didn't have that delivery service?

Mr. HARRISON. I should say 75 per cent or more.

Mr. MILLER. The ones that come after goods to your store have to bear the expense of delivering to others?

Mr. HARRISON. Yes, sir.

Senator DIAL. Do you sell at the same price at the store as you do when you deliver?

Mr. HARRISON. We try to get a little more for delivery. Sometimes we don't. Very often we don't.

Senator DIAL. Do you have a price that you charge at your store, and when you deliver you charge a little more?

Mr. HARRISON. We usually make some distinction. If a man hauls it himself, I should say, he gets it anywhere from 5 to 10 per cent cheaper, some cheaper, at least.

Senator DIAL. What is your system? Do you deliver at random?

Mr. HARRISON. Yes, sir; just when we have to, when a man wants it in a rush.

Mr. MILLER. Explain about what you mean by trying to get a better price on delivery orders?

Mr. HARRISON. We have to get some extra money for delivery. We can't deliver for nothing.

Mr. MILLER. If you thought you were going to lose a customer by adding a little on for delivery, would you sell it at the original price?

Mr. HARRISON. Absolutely; yes, sir.

Mr. MILLER. Do you do a credit business?

Mr. HARRISON. Yes, sir.

Mr. MILLER. Approximately, how much credit and how much cash business do you do?

Mr. HARRISON. I would say 50 per cent credit and 50 per cent cash.

Chairman BALL. How much do you lose on your credit business?

Mr. HARRISON. I think we charged off last year about \$900. I am not positive about that. We charge off what we think we can't get, and if we do get it we put it on the profit and loss.

Mr. MILLER. In charging for this delivery, when you accept a delivery order, how much more do you charge?

Mr. HARRISON. We don't make any charge for it. If a man asks the price of an article we tell him. He says, "I want to take it myself. Won't you take a little less," and we usually do.

Mr. MILLER. What do you collect on delivery orders?

Mr. HARRISON. We don't collect. We don't make an extra charge for delivery, because we usually have to deliver, and if we don't the man is too glad to tell us, because he knows he can get it for a little less when he takes it himself.

Mr. MILLER. You would rather get along without delivery?

Mr. HARRISON. Sure.

Senator CAPPER. You said your war tax was about \$11,000!

Mr. HARRISON. I think it was more than that. We paid nearly 50 per cent tax.

Senator CAPPER. When that is deducted from your profits, as shown by your statement, it would leave it about what it had been before the war, in former times, would it not?

Mr. HARRISON. That percentage is a good deal lower each year. The percentage is lower each year since I have been in business, but the volume has more than made up for that.

Senator CAPPER. The personal profits are much larger, I think the statement shows.

Mr. HARRISON. Those figures are not accurate to the penny. I could give them to you accurate to the penny. That is within a dollar, I would say.

Senator CAPPER. It indicates in your business—and the same in others, as far as I can see—that the war tax is passed on to the consumer?

Mr. HARRISON. 2.4 per cent was my net profit last year, and half of that was paid out in taxes.

Chairman BALL. What was your percentage of profit on your incorporation? You were incorporated for \$50,000 and you made 50 per cent on that, did you not?

Mr. HARRISON. We paid 50, too.

Chairman BALL. Your income tax came out of that?

Mr. HARRISON. Yes, sir. We done \$1,183,000 worth of business.

Senator BALL. I know; but if you had been incorporated for \$1,183,000 you would not have had to pay that much?

Mr. HARRISON. No, sir; of course not. It would probably be three or four thousand dollars, maybe two or three thousand dollars.

Chairman BALL. Your income tax does not interest us, so far as your profits are concerned. We want your profits before deducting the income tax.

Mr. HARRISON. I am satisfied it interests me more than it does you.

STATEMENT OF MR. WILLIAM G. CARTER, PRESIDENT OF GOLDEN & CO.

(The witness was duly sworn by Chairman Ball.)

Chairman BALL. You are president of Golden & Co.?

Mr. CARTER. Yes, sir.

Mr. MILLER. Will you give your full name?

Mr. CARTER. William G. Carter.

Mr. MILLER. And your place of business?

Mr. CARTER. Golden & Co. are commission merchants, manufacturers of butter, poultry fatteners, and wholesale fish merchants. Our business is scattered around somewhat. Do you want the location of each place?

Mr. MILLER. If you have it on your list there, we may as well have it.

Mr. CARTER. Our creamery is at 920 Louisiana Avenue; our butter and egg salesroom is at 922 and 924 Louisiana Avenue; our live and dressed poultry house is at 926 and 928 Louisiana Avenue; our fruit and vegetable department is at 921 B NW.; our poultry fattening station is at Eighth and I SW.; our fruit station house is at Tenth and F SW.; our fish department is at the Municipal Market, Water Street, near Eleventh Street SW.

Mr. MILLER. Are you incorporated?

Mr. CARTER. Yes, sir.

Mr. MILLER. For how much?

Mr. CARTER. Authorized capital, \$500,000.

Mr. MILLER. The total amount paid in is how much?

Mr. CARTER. Around \$300,000. I haven't the exact figures, but it is approximately that.

Mr. MILLER. How long has your company been in business?

Mr. CARTER. It was started in 1862. It was incorporated in 1904.

Mr. MILLER. What was your total volume of business last year?

Mr. CARTER. I have that here.

Mr. MILLER. Have you got it for years previous?

Mr. CARTER. I think so.

Mr. MILLER. If you have it for a number of years, just give them consecutively, as far back as you have it.

Mr. CARTER. For the calendar years of 1917 and 1918, I have it. For the calendar year 1917 our sales were \$3,175,817.43; for the calendar year 1918 our sales were \$4,919,429.31.

Mr. MILLER. What were your net profits on that volume of business for those two years?

Mr. CARTER. Our net profits for 1917 were \$17,112.52; for 1918, \$23,349.49.

Mr. MILLER. Then on your increased volume of business there wasn't any more than a proportionate increase in your net profits?

Mr. CARTER. I don't believe there was a proportionate increase in the net profits.

Mr. MILLER. Do you own your place of business?

Mr. CARTER. We do not.

Mr. MILLER. You rent them all?

Mr. CARTER. Yes, sir.

Mr. MILLER. Explain to the committee your rent situation.

Mr. CARTER. We have no trouble about our rents.

Mr. MILLER. Have they been raised on you?

Mr. CARTER. I think we have had some minor raises, principally from the District of Columbia Government, as near as I remember.

Mr. MILLER. The District happens to own some of it?

Mr. CARTER. They own our places in the Municipal Market. They are the only people that have advanced the rent, as far as I remember. I think there was an advance on our feeding station of \$5 a month. I wouldn't be sure. I believe I argued the old gentleman out of it.

Mr. MILLER. What is your total number of employees?

Mr. CARTER. I will have to count them. I think there are around 100. I have two pages here.

Mr. MILLER. Approximately 100?

Mr. CARTER. Yes, sir.

Mr. MILLER. Give us your weekly pay roll.

Mr. CARTER. For the week ending August 8 it was \$3,189.10.

Mr. MILLER. Have you raised your wages during the past year?

Mr. CARTER. Yes, sir; very much.

Mr. MILLER. Will you give us your weekly pay roll for the same number of people last year?

Mr. CARTER. Well, now, I don't know about that. I don't know whether I have that for the past 12 months. I have comparative figures made up for the first quarter of 1917 and 1918.

Senator DIAL. We want to know what your pay roll was for the same number of employees.

Mr. CARTER. You mean did I raise the pay during 1918?

Senator DIAL. Yes; the individual men.

Mr. CARTER. Yes, sir; I expect I raised every one in 1918.

Senator DIAL. How about this year?

Mr. CARTER. We have had very few advances this year. We had some during the winter, but very few since spring has come on. May I give you a comparison of the first quarter of 1917 and the first quarter of 1918?

Mr. MILLER. Yes; we would like to hear it.

Mr. CARTER. I might say this was prepared for Mr. Clarence Wilson, when he was food administrator of the District of Columbia.

request. For the first three monthes of 1917 our pay for all employees was \$18,066.41 for three months; in 1918, the three months, with practically the same men—there were, of course, some changes, but not very many—it was \$27,301.01, or an increase of \$9,234.06.

Mr. MILLER. Over 50 per cent?

Mr. CARTER. Yes, sir.

Mr. DIAL. Was that about the same number of employees?

Mr. CARTER. I don't believe there was any increase in the number of employees. If there was, it was in the common labor and not much. The total expense during the same period in 1917 was \$37,370.14; in 1918 it was \$53,354.37, or an increase of \$15,984.23. The same period of time in 1917, our profit was \$170.87, and in the same quarter we made a loss of \$4,167.55, or a decrease of \$4,338.42.

Mr. MILLER. The reporter will mark that document "Exhibit A." The document marked "Exhibit A" is copied herein in full, as follows:

Costs and profits of Golden & Co. (Inc.), Jan. 1 to Mar. 31, 1917 and 1918.

	1917.	1918	Difference.
Cost of bookkeepers, officials, engineers, mechanics, drivers, and other employees same period.....	\$18,066.41	\$27,301.01	\$9,234.60
Cost of same period.....	37,370.14	53,354.37	15,984.23

Profit or loss.....			
1917.....			\$170.87
1918.....			4,167.55
Difference.....			4,338.42

Mr. MILLER. Do you maintain a delivery service?

Mr. CARTER. Yes, sir.

Mr. MILLER. What does that consist of?

Mr. CARTER. Eleven horses, 10 wagons, and 20 automobiles.

Mr. MILLER. Can you tell us approximately how much that costs per week or per month?

Mr. CARTER. It cost us in the calendar year 1918, \$3,123.20.

Mr. MILLER. How much trade depends upon your delivery service?

Mr. CARTER. We would be out of business without it. Our business is done mostly with hotels, restaurants, and small retailers, delicatessen stores, and such as that. I imagine we would drop 90 per cent of our business without delivery. Could I give you the 1917 delivery expense?

Mr. MILLER. Yes.

Mr. CARTER. The delivery expense in 1917 was \$27,312.67.

Mr. MILLER. Do you buy directly from the farmer or from the growers' and shippers' association?

Mr. CARTER. We buy from all classes.

Mr. MILLER. Approximately how much do you buy directly from the farmer, compared to the association?

Mr. CARTER. We buy more from the farmer than we do from the association as a general thing. That is my idea. I have no figures to substantiate that.

Mr. MILLER. What proportion of your business is a straight-p business, as compared with a commission business?

Mr. CARTER. I have heard you ask about that "straight pri Do you mean stuff that we buy outright from people by negotiati

Mr. MILLER. Yes.

Mr. CARTER. It varies in the different departments. I should in our butter and egg department that 90 per cent is purchased right. In the live-poultry department I should say probably 30 cent is purchased outright. I will say 80 to 90 per cent in the bu and eggs. It is pretty hard to tell these things exactly. In our f and vegetable department I should say the proposition is somew reversed—that 60 per cent of that is on commission and about 40 cent purchased.

Mr. MILLER. How about your creamery?

Mr. CARTER. That is all purchased.

Mr. MILLER. And your fish?

Mr. CARTER. I would say 50 per cent of that is purchased.

Mr. MILLER. In this poultry fattening business you are enga in here, do you bring the poultry in, buy it from the farmer, some from the association?

Mr. CARTER. No; we buy no poultry from the association. association that I know of sells poultry. All the associations I h any knowledge of are selling fruit and vegetables principally. know of no market association selling poultry.

Senator DIAL. What radius do you draw from?

Mr. CARTER. United States, Cuba, Canada.

Senator DIAL. You have a good deal of territory?

Mr. CARTER. Yes, sir; we cover the country.

Mr. MILLER. Do you have your men out in the country?

Mr. CARTER. Yes, sir.

Mr. MILLER. Is there any great variance in the prices the comm sion men pay from time to time on various farm products?

Mr. CARTER. I have no knowledge of what the other man pa I imagine we all pay about the same when we are buying from large concern. When we buy from a small concern, a man exercise his ability as a buyer, and buy a little bit cheaper.

Mr. MILLER. Why are the prices usually so uniform, and not clined to spread?

Mr. CARTER. What do you mean? Do you mean where we buy sell?

Mr. MILLER. No; I mean the price of the wholesaler.

Mr. CARTER. I want to get straight on that. Do you mean w is it the wholesalers in Washington have about the same price. why do we have about the same price?

Mr. MILLER. Why do the wholesalers in Washington pay a u form price?

Mr. CARTER. I will illustrate it this way. We buy potatoes Michigan from large potato operators there, and also in New Yo Florida, and South Carolina. We buy lots of them from Geor town and Charleston. In South Carolina they are handled mos by associations, in South Carolina and Florida, and they give a price at which they will sell them. You may counter with an off If the market is weak, they will accept it, but they are not going

sell a man in Washington a cent less than they will sell a man in New York or Philadelphia or Baltimore. We buy lots of potatoes from the association on the Eastern Shore in certain seasons, when market conditions are favorable. They won't sell me any cheaper than they will to Philadelphia or Pittsburgh or New York. So if we get a uniform price, it is a matter entirely beyond our control. We buy as cheaply as we can.

Mr. MILLER. One of the former witnesses testified it was due to the expert knowledge of the buyers of the various wholesalers, that the price is probably uniform on that account. Last week a representative of the packers testified that they would buy cattle on the hoof in the stockyards and usually stated a uniform price.

Mr. CARTER. I have had no experience in buying cattle for 10 years. I did run an abattoir until it burned down, and I bought cattle all over Virginia, Tennessee, and South Carolina. I used to buy Senator Tillman's cattle. I never found any uniform price.

Senator DIAL. We thought maybe you all attended the same school.

Mr. CARTER. Gentlemen, I claim a man invariably buys his goods in the lowest market and sells on the highest. That is what I try to do, but I tell you, I find out very frequently that I buy stuff on the highest and sell it on the lowest.

Mr. MILLER. What, in your opinion, is the ground for the rumor that we have heard about these price-fixing agreements between you gentlemen?

Mr. CARTER. There is absolutely no ground, in my judgment, as applying to Washington, or so far as I know, anywhere else. I have been able by negotiations to buy from men in Chicago, for instance, on the right next door a little cheaper than the other, by using the telephone. I buy from men in Iowa, in carload lots, and I buy from Illinois.

Senator DIAL. What is the object of the retail grocers' association?

Mr. CARTER. I don't know what the real objects are. I attended a meeting by invitation on one occasion and the principal object that evening was to quarrel. I didn't get a chance to say anything.

Senator DIAL. They had a meeting at Richmond last week.

Mr. CARTER. Our retail grocers' association in Washington?

Senator DIAL. I do not know about that.

Mr. CARTER. I don't know anything about that.

Senator DIAL. Do they have one here also?

Mr. CARTER. We have a retail grocers' association, I am informed. They come around once a year and sell me a ticket for an excursion.

Senator DIAL. They also have a retail grocers' association in the South?

Mr. CARTER. I have no knowledge of it, Senator. They may have.

Senator DIAL. Can you tell the committee what you consider your most profitable line?

Mr. CARTER. Some days it is one and some days another. My opinion changes from day to day. Some days I think my fruit and vegetables are the most profitable, and the next day I am sure it is poultry, and the next day butter and eggs, and the next day I want to sell out all of them. There is no way you can tell that at all.

Senator CAPPER. Do you carry eggs in cold storage?

Mr. CARTER. Yes, sir.

Senator CAPPER. About what is the largest quantity you have on hand at one time during the last year?

Mr. CARTER. I have got the figures on that in my pocket. We on hand August 1 11,487 cases of eggs in commercial cold storage and public cold storage. We have owned in previous seasons, when eggs were cheaper, as many as 50,000 cases. Our sales of eggs run high. I guess our average sales run now 1,500 to 1,600 cases a week and I have sold as many as 5,500 in a week.

Senator CAPPER. Will you begin increasing your storage now?

Mr. CARTER. No, sir; that is decreasing. The season for storage is over. We are coming into the period of scarce production of eggs. The hens being to moult in this climate about the middle of August or 1st of September and continue until about the middle of October during which time we would draw eggs from storage very heavily. We are taking out some 200 every day.

Senator DIAL. What do you retail them at?

Mr. CARTER. We don't retail, only cracked eggs. Our other sales we sell to the trade. We are selling cracked eggs at 35 cents, dirty eggs at 40 to 42, depending on the weight. We are selling a good egg of storage at 48, and we are selling one at 47 without recandling when they come out of storage. We are selling one received from North Carolina and Tennessee at 50, also near-by Virginia. We are selling one from Virginia and some near-by points, recandled before delivery, at 54. We are selling a select egg at 60, and what we call a certified egg at 65.

Senator DIAL. What quantity of the cracked eggs do you sell?

Mr. CARTER. We will sell anybody 15 dozen or more, from 15 dozen to 100 cases. That is our usual number of sales. Fifty cases is about as much as we sell at a time.

Senator CAPPER. When you had 50,000 cases you bought at a low price, I suppose you held those until you got a pretty good price for them?

Mr. CARTER. I remember when I was buying at \$4.50 and selling at 75 cents; and, of course, the reverse has been true. The reverse has not been true, buying at 75 cents and selling at \$4.50, but I have made money. I remember one time, in 1893—it took me five years of hard work to get over our egg business that year. They were the highest that year when we stored them. Everybody sold at a profit. We couldn't store as many as we wanted that year.

Senator DIAL. Did you say how long you keep them in storage?

Mr. CARTER. I have kept eggs for 9 months in storage and when they come out good. An egg should not be carried longer than 9 months in storage, in my judgment. I think that should be the limit. That is, eggs in the shell. You can carry them frozen in a can.

Senator DIAL. You can carry chickens in cold storage?

Mr. CARTER. Yes, sir.

Senator DIAL. How long?

Mr. CARTER. I have carried them two years. I am not carrying them now two years, because they have been too high, but I have carried them two years and had them come out perfectly sound and good. I ate them myself.

Senator CAPPER. Cold storage is a great aid in increasing profits of the commission man, is it not?

Mr. CARTER. I think not, sir. I doubt very much if our firm has ever made a dollar on its cold storage business.

Senator CAPPER. Is that so?

Mr. CARTER. Yes, sir. I think we have protected the producer and protected the consumer by storing goods. We have increased the production and made it profitable for the farmer to sell his goods, made it so he could sell them at a profit when his period of greater production was on. Without cold storage you might as well cut down the apple trees. Without cold storage 50 per cent of the hens in the United States would immediately become unprofitable. I have sold eggs before cold storage was built in Washington at 7 cents a dozen and \$1 a dozen the following January. I have been 33 years in the business. I remember when the first cold storage was built in Washington.

Mr. MILLER. In your dealings with farmers have you found they are satisfied with the prices they get?

Mr. CARTER. Never. I never found them satisfied with anything yet.

Mr. MILLER. You don't agree with some of your predecessors on the stand?

Mr. CARTER. That may be, but I never found it.

Mr. MILLER. Besides complaining about the price, how about labor? Do they say anything about that?

Mr. CARTER. I never talked with a farmer that wasn't talking about labor. I might also add that I am a farmer. I operate a farm in Anne Arundel County.

Mr. MILLER. A gentleman farmer?

Mr. CARTER. No, sir; a working farmer. I run it to try to make money. I try to train my boys to be farmers.

Senator DIAL. Most of them want to get all they can for what they sell?

Mr. CARTER. It has been a trait of human nature in my experience.

Senator CAPPER. You are a close observer of affairs. What is your theory as to how the cost of living can be reduced, either by legislation in Congress or by voluntary action on the part of the people?

Mr. CARTER. The reduction in the cost of living, if it comes at all, which I doubt, has got to come by reform on the part of the consumer. When I first came to Washington I used to go to the Center Market on Saturday and carry market baskets for people who came there and bought stuff, and they would give me a nickel to carry their basket home, when I was a school-boy. Now they have put away the market baskets, and the housewives who live in the apartment houses will telephone and want the goods delivered in a good-looking automobile. As long as that condition prevails, gentlemen, so long you will have high prices.

The man who runs that automobile is not going to run it for nothing. I mean the hired man who runs it. We are doing business as closely as we can. I have over \$100,000 invested in that business. Part of it was inherited and part of it I made when I was a young man. If I had it out of there I would buy Government bonds and go out on my farm and live. I would thank anybody to buy me out to-day at 50 cents on the dollar. The worry and trouble we have with our employees and our customers, and people who want to buy the goods and

people who want to sell them, is appalling. I put in an average of 12 hours a day in my business every day.

Senator CAPPER. Do you not think it possible to eliminate a good many commission men and possibly reduce the cost of living?

Mr. CARTER. Whenever you eliminate the middleman and stop the farmer and producer from selling his goods on the market place, you will then see some high prices. Whenever the producer has no place to market his stuff, then you will see high prices in the city. You can go out in Virginia, and I have men that have been out there, and you can't buy anything at the price you can sell it at a profit on in Washington. I mean any material amount. The place for the goods to be sold and the way to sell them is to bring them into the market place and let the law of supply and demand take its regular and proper course. Let them be sold where the people can see the goods.

Senator DIAL. You don't think the producers need a guardian?

Mr. CARTER. The ones I deal with don't. Sometimes I wish I had one. Pardon me, Senator, but your South Carolina friends don't need a guardian, the Nixons in Charleston, and those boys.

STATEMENT OF E. M. MERRICK.

The witness was duly sworn by Senator Capper, presiding in the absence of Senator Ball.

Senator CAPPER. State your name and place of business.

Mr. MERRICK. E. M. Merrick, 937-939 B NW.

Senator CAPPER. You are a commission merchant?

Mr. MERRICK. I am a commission merchant and wholesale dealer in fruits and vegetables.

Senator CAPPER. How long have you been in business?

Mr. MERRICK. Something over 30 years.

Senator CAPPER. About what volume of business are you handling now?

Mr. MERRICK. Last year it was approximately \$780,000.

Senator CAPPER. Was that your best year?

Mr. MERRICK. That was the biggest year I ever had. The previous year it was \$564,000. That is not the exact figure, but right close to it.

Senator CAPPER. In 1916 what was it?

Mr. MERRICK. I haven't got that here. That was a little less, but I don't remember how much.

Senator CAPPER. Approximately, what were your net profits last year?

Mr. MERRICK. About \$12,500.

Senator CAPPER. That was after you deducted your war tax?

Mr. MERRICK. No, sir. I didn't deduct my war tax. After that was deducted I had about \$10,000. That does not include anything for my own salary. I have drawn no salary, but I manage the business myself, and I also sell apples, which is one of our main lines.

Senator CAPPER. What else do you handle?

Mr. MERRICK. Nearly all the domestic fruits and vegetables.

Senator CAPPER. Principally fruits?

Mr. MERRICK. Fruits and vegetables, potatoes, apples, onions, cabbages.

Senator CAPPER. Do you do business on the 10 per cent basis, like the rest of them?

Mr. MERRICK. Ten per cent commission basis. We figure on about the same basis for our own, although the average for our total business last year didn't average 10 per cent.

Senator CAPPER. How much have you invested in your business?

Mr. MERRICK. About \$15,000, but I use a good deal more than that.

Senator CAPPER. Your business generally is good in the commission line, is it not?

Mr. MERRICK. Well, it was very good last year. We had a better demand than we had before.

Senator CAPPER. Are there about the same number of people engaged in the business? Have there been any new concerns within the last year?

Mr. MERRICK. I can't name any new ones. I think there were two or three small firms that came in.

Senator CAPPER. From whom do you buy most of your produce?

Mr. MERRICK. That depends on what article it is.

Senator CAPPER. Of what do you handle the most? Do you handle mostly apples?

Mr. MERRICK. No, sir. I handle that line myself and sell it instead of hiring a salesman. We buy potatoes in Michigan, Wisconsin, Minnesota, New York.

Senator CAPPER. You are a large dealer in potatoes?

Mr. MERRICK. We handle a good many, no great quantity. We buy some in Florida.

Senator CAPPER. Do you handle potatoes as a commission man? You don't buy them outright, do you?

Mr. MERRICK. We buy outright and handle on a commission basis. The bulk of our potato business is bought goods.

Senator CAPPER. Where are the potatoes from that you are selling now on the local market?

Mr. MERRICK. They are largely near-bys, although we have one car from New Jersey, and have another car due to-day.

Senator CAPPER. What are you selling them for at retail?

Mr. MERRICK. \$6.50 a barrel wholesale.

Senator CAPPER. Is that a reduction in price this year? How does that price compare with the price last year?

Mr. MERRICK. If you wish I can give you a comparison. Last year our records show we sold from \$5 to \$6 a barrel from the 12th to the 17th of August, practically this week, and this week we are up to \$6.50. In 1917 the price was \$3 to \$4.50. In 1916 it was \$2.50 to \$3.50. In 1915 it was \$1.50 to \$1.75. In 1914 it was \$1.75 to \$2.50.

Senator CAPPER. Why should they be so much higher now than they were three or four years ago?

Mr. MERRICK. Well, I don't think the grower got paid for his growing when they were down at the very low prices, and, of course, the expense of producing and marketing is a good deal more now. Everything you have to buy in the way of labor and material is higher.

Senator CAPPER. Do you sell now principally to the hotels?

Mr. MERRICK. We sell to anybody that comes along, but it is mainly to market people, to stores, and to hucksters on the street. We sell a good deal to them, especially to the Greek hucksters.

Senator CAPPER. Why shouldn't those people buy direct from the market that you buy from? What advantage is there in their buying through you?

Mr. MERRICK. Well, at this time of the year we buy very little. Ours is pretty nearly all on a percentage. The majority of the vegetables we handle at this time of the year are consigned goods from growers around here, within 20 miles. Some of it is shipped some further distance, though the large part is from near-by parts at this time of year. I suppose we sell for 20 near-by customers that raise that stuff. I have been selling for a good many of them for 15 or 20 years, the same men. As I look at it, we are performing a service that is helpful, not only to them, but to the consuming public as well.

Senator CAPPER. How does it help the consumer?

Mr. MERRICK. I think the very fact that we take care of the business gives them an opportunity to stay at home and attend to their own work. I think they can produce more stuff. I believe they will bear me out in that statement themselves. I think they prefer it that way.

Senator CAPPER. When you buy at these outlying stations, do you buy from commission men?

Mr. MERRICK. Usually there are dealers at these stations that buy the wagonloads that come in, and make up a carload of potatoes. There may be one wagonload from one man, or that man may have two or three hundred bushels that go in that car. We deal with that dealer.

Senator CAPPER. You buy from a wholesale dealer, principally?

Mr. MERRICK. Yes, sir. We have to do that. We have bought some from the farmers, but as a rule it is from the dealers. We have to have some protection. We can't deal with an entire stranger in dealing that way.

Senator CAPPER. As I understand it, the Michigan potato dealer sells his potatoes to a wholesaler in his home town or some business center there nearby, and he gets a profit; and then the wholesaler sells to you and he gets a profit; then you sell to the retailers here in town, and you get a profit; and then it goes to the consumer and the retailer gets a profit.

Mr. MERRICK. Yes, sir.

Senator CAPPER. Do you not think that accounts to a great extent for the high cost of potatoes?

Mr. MERRICK. I don't see how it could be handled otherwise. The margin as a rule is very small. I don't know what the margin is now, but they used to make from three to five cents a bushel for their labor in loading the car and buying the stuff.

Chairman CAPPER. The committee will adjourn until Monday at 2 p. m.

(Thereupon, at 4.10 p. m., the committee adjourned to meet at 2 o'clock p. m. Monday, August 18, 1919.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

MONDAY, AUGUST 18, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON THE
DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Present, also: Mr. Thomas W. Miller and Mr. Clarence R. Wilson.

Chairman BALL. The committee will come to order. We will proceed now with the taking of testimony.

TESTIMONY OF MR. CHARLES A. RYON.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you please state your full name?

Mr. RYON. Charles A. Ryon.

Mr. MILLER. What is your residence?

Mr. RYON. Ritchie, Prince Georges County, Md.

Mr. MILLER. Is your farm located right at the town of Ritchie?

Mr. RYON. It is no town; it is a little more thickly settled than some other sections of the county.

Mr. MILLER. How far is your farm from the farmers' produce market?

Mr. RYON. To the District line it is about 4 or 5 miles. I do not know the distance to the market.

Mr. MILLER. What is the total acreage of your farm?

Mr. RYON. Do you mean the acreage that I cultivate?

Mr. MILLER. I want to know the total acreage of your farm?

Mr. RYON. There are 70 acres; that is, woods and all.

Mr. MILLER. What is the acreage under cultivation?

Mr. RYON. I cultivate now about 40 acres.

Mr. MILLER. Have you as much under cultivation this year as you had last year?

Mr. RYON. I cultivate the same land every year.

Mr. MILLER. What do you grow on your farm?

Mr. RYON. I grow vegetables of most all kinds; cabbage, sweet potatoes and Irish potatoes, tomatoes, cantaloupes, egg plants, and that kind of truck. I grow sugar corn—table corn, not field corn.

Mr. MILLER. What proportion of your produce do you sell at the farmers' produce exchange?

Mr. RYON. I sell it all.

Mr. MILLER. You dispose of it all in that way?

Mr. RYON. Yes, sir.

Mr. MILLER. Have you had any trouble this year resulting from a shortage of labor?

Mr. RYON. Yes; I have had trouble with labor this year. I could not get it. I have not had a day hand on the place. I could not hire them at any price.

Mr. MILLER. Did that condition exist last year?

Mr. RYON. Not quite as bad last year. It is worse this year than it was last year.

Mr. MILLER. Has the labor trouble reduced your production this year as compared with last year?

Mr. RYON. Somewhat; but, in my judgment, the seasons have been more against us than the labor.

Mr. MILLER. Then, the climatic conditions in this vicinity within the last few months have cut down your production?

Mr. RYON. They have cut off, in my judgment, over 50 per cent.

Mr. MILLER. But in spite of the shortage of labor this year as compared with last year, you do not think that has affected your production?

Mr. RYON. It has some; yes. Last year was an entirely different season; it was a dry season, although we had local showers to drop in that made the crop ready to produce. This year we have had another extreme season which has really taken more labor; an extreme wet season throws you back so far that with the labor you have you can not catch up; so consequently in my case the wet season in the spring threw me back and I never have caught up and never will this season.

Mr. MILLER. How much capital have you invested in your farm?

Mr. RYON. What do you mean?

Mr. MILLER. Do you own your farm?

Mr. RYON. Yes, sir.

Mr. MILLER. What capital does that represent?

Mr. RYON. Do you mean the farm?

Mr. MILLER. Yes.

Mr. RYON. Well, I judge it would bring between \$9,000 and \$10,000, maybe a little more.

Mr. MILLER. And in addition to that what is the value of your implements on the farm?

Mr. RYON. I would have to figure that up. I have to use machinery, such as sulky plows, trucks, etc. I could not tell without figuring it up.

Mr. MILLER. The total value of your whole plant would be about \$12,000?

Mr. RYON. I judge so; yes.

Mr. MILLER. How much did you clear last year?

Mr. RYON. I could not tell you exactly now. I made a return on that. I made something last year, but this year I do not expect to clear \$1.

Mr. MILLER. Do you in considering your net profits charge for your own services?

Mr. RYON. No; last year I cleared something, but this year I may come out where I started in the spring; that is, about the time we started our crop, and be \$500 or \$1,000 in the hole.

Mr. MILLER. You can not say "Last year I cleared so-and-so on my farm?"

Mr. RYON. I could not tell you accurately what I made, but I made something on it.

Mr. MILLER. What figure did you give last year in your income tax return?

Mr. RYON. Do you mean the gross figure?

Mr. MILLER. Yes.

Mr. RYON. I think it was around \$7,000 or \$8,000; maybe \$9,000; I do not know exactly what it was.

Mr. MILLER. There were exemptions and deductions on that which brought the amount down?

Mr. RYON. Yes, sir; my family for one thing.

Mr. MILLER. How are prices fixed in the District when the farmers come in to sell their produce?

Mr. RYON. The prices vary from day to day. Take tomatoes, for instance. We have to sell one day for \$1.50 and the next day we may get \$3.

Mr. MILLER. What is the name of the organization that more or less regulates prices in the District?

Mr. RYON. I do not think I could answer that question as to what would regulate prices, only the quantity of stuff.

Mr. MILLER. No; but who are the people that tell the farmer that he must charge so-and-so for his produce when he brings it here?

Mr. RYON. Nobody tells me anything. I have to size that up myself.

Mr. MILLER. You have not heard any of your fellow farmers talk about that?

Mr. RYON. Sometimes we converse together and size the market over, and we decide about what it ought to be worth according to the quantity.

Mr. MILLER. But no one has ever said to you or to any of your friends that you know of that they might not have the stall space they were using if they did not conform to certain fixed prices here in the District at that time?

Mr. RYON. No, sir.

Mr. MILLER. I ask you that because it has come to the attention of the committee a number of times that such a system is in vogue here in the District of Columbia.

Mr. RYON. No, sir.

Mr. MILLER. What was your total number of farm hands last year?

Mr. RYON. I had two colored men hired and I have my boys; I have to pay them. To one of them I have to pay \$100 a month.

Mr. MILLER. What was your weekly wage that you paid your help?

Mr. RYON. To the men?

Mr. MILLER. For the total help on your farm what was the weekly wage?

Mr. RYON. I have only one man now. I have to pay him \$50; that is, in money.

Mr. MILLER. I am speaking about last year. What were your weekly wages last year for all your hands, whether they were members of your family or not?

Mr. RYON. There were different prices. My boys I had to pay more.

Mr. MILLER. Can you tell us what the average amount of money was that you paid per week last year for farm help?

Mr. RYON. I could not answer that exactly in proper shape.

Chairman BALL. Do you know the total amount you paid during the whole year for help? In making out your income-tax report you made a deduction for that?

Mr. RYON. I had the return at the time and I could have answered the question then.

Chairman BALL. But you do remember the amount now?

Mr. RYON. No, sir. I would like to answer only what I know correct.

Chairman BALL. Do you know what amount you paid as interest revenue tax last year?

Mr. RYON. I did not pay any.

Mr. MILLER. How many days a week do you come to Washington to sell your produce?

Mr. RYON. Do you mean this year?

Mr. MILLER. Yes.

Mr. RYON. Some weeks I come maybe once or twice, and some weeks I come maybe three or four days, or most every day. Last year I had to come every day and sometimes twice a day.

Mr. MILLER. How do you come in, by truck?

Mr. RYON. By truck.

Mr. MILLER. Are you ever compelled to sell at a lower figure than you want to, due to the market being overstocked?

Mr. RYON. Yes; very often.

Chairman BALL. Do you sell to retailers or wholesalers?

Mr. RYON. Wholesalers.

Chairman BALL. You do not retail anything?

Mr. RYON. No. If we did we would have to stop trucking.

Chairman BALL. Do you ever leave your produce to be sold on commission?

Mr. RYON. No, sir; I generally sell my own stuff unless I have some stuff when the market drops down that I can not get anything for, and then I give it to somebody to sell.

Chairman BALL. What do they charge you when they do that?

Mr. RYON. Sometimes they do not charge me anything, and sometimes they charge me 7 per cent or 10 per cent. Most of the time some of my friends will take it and sell it. I never paid over 10 per cent, anyway.

Chairman BALL. How many of your children help you on the farm?

Mr. RYON. I have three boys that are working on the farm.

Chairman BALL. What is the age of the youngest?

Mr. RYON. The youngest is 16.

Senator DIAL. Did he work on the farm before he arrived at the age of 16?

Mr. RYON. Yes, sir.

Senator DIAL. At how early an age did you work him on the farm?

Mr. RYON. Well, he helped around in light work during the school vacation, what work he could do in the last couple of years, when labor was scarce.

Senator DIAL. Boys work on the farm when they are much younger than 16, do they not?

Mr. RYON. Yes; we have to work them now, that is, on some work. The little fellows can work dropping plants.

Senator DIAL. How many hours do you work on the farm?

Mr. RYON. Since the change in the law with regard to hours we do not put in quite so many hours. They stop at 6. You know it is 5 by the old time. You can not get them to work after 6.

Senator DIAL. What time do they stop?

Mr. RYON. They do not stop any earlier than they generally stop. They do not have a particular time to start, but they have a particular time to stop.

Senator DIAL. You start about as early as you can?

Mr. RYON. Yes.

Chairman BALL. Do you think the daylight saving law has any effect on your production?

Mr. RYON. I think so. I know I can not get the same amount of hours out of my labor that I did before. I do not know whether you gentlemen understand anything about our farm work. It is entirely different from other work.

Chairman BALL. I understand because I have worked on a farm.

Mr. RYON. I have worked hard and I do not think it ever hurt me. I have been raised to work from sun to sun during the summer and in the winter my hours were, of course, short. That is the way I was raised ever since I was a boy, and that is the way I worked until this change in the law came and I had to get away from it.

Senator DIAL. But even in the winter time you worked as long as you could see when you had anything to do, did you not?

Mr. RYON. Yes, sir.

Senator DIAL. What about holidays?

Mr. RYON. Well, we take holidays—the boys and the men I hire do. I do not very often; I keep going.

Mr. MILLER. When you come to the market to sell to the commission merchants do you notice two or three merchants that buy up all the produce of the various farmers?

Mr. RYON. No, sir; we come there and we sell to the first man that comes and gives us the price that we think we ought to have. Sometimes we may sell a little bit cheaper and sometimes we get a little better price and the other man may lose a little. We have to use our own judgment and we sell to the first man that comes who gives us our price.

Mr. MILLER. Can you recollect that it has been your practice to sell more or less steadily to, say, two or three commission merchants throughout the year?

Mr. RYON. No, indeed; I do not favor any, but if I have good stuff and they know it and I put it up straight, of course, men that buy it always look for me.

Mr. MILLER. The Food Administration found last year there was a tendency on the part of a few merchants to get there early and

buy up the produce from all the farmers, and, therefore, they related it by having certain hours to open.

Mr. RYON. No. I find this: If I have good stuff I always have ready sale, because whoever gets it knows it is right. They know it is put up right and they want it because they know they are safe buying it, and, of course, they look for me. If I have common stuff I do not have quite so many calls.

TESTIMONY OF MR. GEORGE THORNE.

The witness was duly sworn by Chairman Ball.

Mr. MILLER. Please give your full name and address.

Mr. THORNE. George Thorne, Station H, District of Columbia route B, box 120.

Mr. MILLER. Where is your farm located, Mr. Thorne?

Mr. THORNE. On the Potomac River, about half a mile below F Foote.

Mr. MILLER. What distance is that from the market?

Mr. THORNE. I judge about 12 miles.

Mr. MILLER. How do you transport your goods to the market?

Mr. THORNE. By trucks.

Mr. MILLER. What is the total acreage of your farm?

Mr. THORNE. One hundred and seventy-seven and a half acres.

Mr. MILLER. How much have you under cultivation?

Mr. THORNE. About 50 acres.

Mr. MILLER. Have you the same acreage under cultivation this year that you had last year?

Mr. THORNE. About the same; yes.

Chairman BALL. Why do you not cultivate more than 50 acres the 177½ acres?

Mr. THORNE. I can not get the labor.

Chairman BALL. That is what I want to know. It is on account of a shortage in labor?

Mr. THORNE. Yes.

Mr. MILLER. What do you sell from your farm?

Mr. THORNE. Strawberries, blackberries, tomatoes, cantaloup sugar corn, beets, and such provisions and vegetables as that.

Mr. MILLER. What proportion of your produce do you sell in the markets?

Mr. THORNE. I sell all that I do not use for myself and my family. I do not sell it myself, either; I have a man that sells it for me.

Mr. MILLER. How does the volume of goods produced by you this year compare with the goods produced last year?

Mr. THORNE. I think it is about the same as last year. Some things have been partly a failure and others have been good.

Mr. MILLER. Have climatic conditions this year reduced your crops?

Mr. THORNE. Yes; I think the season affected my tomatoes. I think it damaged my tomato crop about 50 per cent.

Mr. MILLER. Getting back to this question that Senator Ball raised with regard to labor, how many farm helpers did you employ last year?

Mr. THORNE. I employed one outside of my own help. I have four boys of my own that work with me on the farm.

Mr. MILLER. What are their ages?

Mr. THORNE. Sixteen to 26.

Mr. MILLER. In other words, you had five farm hands in addition to yourself. How many have you this year?

Mr. THORNE. I have not any helpers hired this year; only my own boys—four boys and myself.

Mr. MILLER. If you were able to get more labor, how many acres could you cultivate on that farm of yours?

Mr. THORNE. I could cultivate 25 more.

Mr. MILLER. Have you ever had a greater number of acres under cultivation than you have now or had last year?

Mr. THORNE. Yes, sir.

Mr. MILLER. And you have had to reduce your acreage under cultivation solely because you had no labor?

Mr. THORNE. Yes, sir.

Mr. MILLER. When did you have to reduce that acreage under cultivation—what year?

Mr. THORNE. It began about 1917; about three years ago. It has been getting worse and worse ever since.

Mr. MILLER. Then in 1916 you cultivated your top acreage?

Mr. THORNE. Yes.

Chairman BALL. Do you think farm labor is more difficult to get this year than it was last year?

Mr. THORNE. Yes, sir; a great deal more difficult.

Chairman BALL. How do the wages asked now compare with those of last year?

Mr. THORNE. I suppose I would look a month down there before I would come across a man that I could get out of him what he would work for. They are not there.

Chairman BALL. They simply will not work on the farm?

Mr. THORNE. No, sir.

Mr. MILLER. Is that condition due, in your opinion, to the Army taking the men?

Mr. THORNE. Well, the Army had one boy of mine last year. He went away in May and came back in February. He went to France and came back at Christmas and got home in February.

Senator DIAL. Labor is scarce with your neighbors, too, then?

Mr. THORNE. Yes, sir.

Mr. MILLER. If you had not these four sons you would be pretty much up against it?

Mr. THORNE. That is what I think. I do not know any other course that I could take than to sell out.

Mr. MILLER. Do you have much trouble in keeping your boys on the farm?

Mr. THORNE. No, sir. I give them one-half of what is sold on the farm. To three of my boys who are of age I give half.

Mr. MILLER. Do you own your farm outright?

Mr. THORNE. Yes, sir.

Mr. MILLER. What does your farm represent in capital?

Mr. THORNE. You mean the worth of my farm with all the equipment?

Mr. MILLER. Yes; your total plant.

Mr. THORNE. I would judge about \$15,000.

Mr. MILLER. How much did you clear last year?

Mr. THORNE. That is something that I could not say.

Mr. MILLER. Have your profits this year been greater than were last year?

Mr. THORNE. So far; yes, sir. I have put in bank so far this \$1,500, but I could not tell how soon I may have to draw it out. I do not know how much will be left there at the end of the year.

Mr. MILLER. After paying the wages of your boys and allow for your own salary, so to speak, what did you clear last year?

Chairman BALL. That is not a fair question, when he says they paid the boys by giving them one-half the income from the farm.

Mr. MILLER. All right; I will withdraw the question, then. the committee, Mr. Thorne, about how the prices are determined the farmer gets for his produce here in the District.

Mr. THORNE. I think that supply and demand rule the price far as I can see.

Mr. MILLER. Have you heard that given as the reason universal by your fellow farmers, or have you just heard the phrase recently?

Mr. THORNE. I have taken notice of that all along ever since we have been in the business up until now. The supply on the market certainly sets the price. Of course, there is a big demand for everything now and everything is selling.

Mr. MILLER. How do these people who occasionally speak to the farmer and suggest that he sell his produce that day at a certain figure and not any lower approach the farmer?

Mr. THORNE. None of them ever approached me in that respect. I haul my stuff to a man that sells it. We were boys and went to school together. He has been selling my stuff for 15 years. He charges 10 per cent for what he sells and he pays me the rest. I am very satisfied with his sales. I have been on that market and have seen him sell tomatoes for one price and his neighbor, an agent who buys at the Old Dutch Market, bought at one price from R. A. Sansbury, another price from J. O. Kirby, and at another price from a man by the name of Robert Boone and another price from Walter Overton. I could not see any difference in the quality of the tomatoes.

Mr. MILLER. What happens to these farmers who do not want to sell to the wholesale commission merchants? How do they dispose of their stuff?

Mr. THORNE. That is a question too hard for me, sir.

Mr. MILLER. Have you heard of any of your fellow farmers who did that?

Mr. THORNE. That would not sell to the commission merchant.

Chairman BALL. In other words, do all the farmers sell only to the commission merchants and none of them retail their stuff? That is your question, is it not, Mr. Miller?

Mr. MILLER. Yes, sir.

Mr. THORNE. Down on the wholesale market, of course, there are a good many farmers in a small way that dispose of their stuff in the retail market.

Chairman BALL. Do you do that?

Mr. THORNE. No, sir; I could not do that because I would not be able to get rid of my stuff. I haul it to the man that sells it for me wholesale and he sells it to the man that will give him the most money.

Chairman BALL. Does he take it entirely on a commission or a fixed price?

Mr. THORNE. He takes it on commission.

Chairman BALL. What percentage?

Mr. THORNE. Ten per cent. He sells mostly to the grocers and street hucksters.

Senator CAPPER. What are you selling mostly now?

Mr. THORNE. All that I have now are a few tomatoes and cantaloupes. My tomatoes are about played out.

Senator CAPPER. When did you market your last tomatoes?

Mr. THORNE. Saturday.

Senator CAPPER. What did you get for them?

Mr. THORNE. \$2.50 a box.

Senator CAPPER. Do you know what your agent got for them when he sold them?

Mr. THORNE. He sold them for \$2.50 a box.

Senator CAPPER. And you paid him 10 per cent commission?

Mr. THORNE. Yes, sir. He simply marks his price down and takes 10 per cent off and gives me the bills.

Senator CAPPER. You do not know what the wholesalers pay to commission merchants for those tomatoes?

Mr. THORNE. \$2.50 a box, with commission taken off that.

Senator CAPPER. Have you any idea what they would retail for to the grocer or the huckster?

Mr. THORNE. No, sir; I have not any idea.

Mr. MILLER. What do you know about people buying up food in the District for the purpose of cold storage?

Mr. THORNE. I do not know anything about it, sir.

Mr. MILLER. You have never sold anything for the purpose of storing, as far as you know?

Mr. THORNE. No, sir.

Senator DIAL. Do you buy fertilizer for your land?

Mr. THORNE. Yes, sir; I have to buy it now. I can not get good manure; it costs too much to truck it from town, and I have to use fertilizer in place of it.

Senator DIAL. What hours do you work?

Mr. THORNE. I was up at light this morning, in order to get my cantaloupes on the market as early as I could. We have not any particular hours.

Senator DIAL. You work as long as it is light, do you?

Mr. THORNE. Yes, sir.

Senator DIAL. How young do you work your children on the farm?

Mr. THORNE. As soon as they are large enough to do any work. I have one boy now that is 16. He went to school as long as he could go in the country. He graduated at the public school and we have no high school there, and, of course, I can not afford to send him away to school, and he works on the farm now the year round. I have not any younger than that.

Senator DIAL. How young do they commence work on the farm?

Mr. THORNE. When they are about 13 or 14 years old they could do such light work as they could stand. Of course, I did not put them right down to hard work like the grubbing hoe, or plowing, like any other man would do.

Senator DIAL. How do you like these new hours?

Mr. THORNE. I do not think much of them.

Chairman BALL. Do you think they materially affect your work?

Mr. THORNE. This daylight saving?

Chairman BALL. Yes.

Mr. THORNE. I certainly do. It makes confusion with the farm labor. Of course, it does not affect their going to work, but it affects their stopping.

Chairman BALL. It increased the cost of production?

Mr. THORNE. Yes, sir. You could not get them to work any longer but I will guarantee they will know when to stop.

TESTIMONY OF MR. IRVING L. MILLER.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please give your full name and place of business.

Mr. I. L. MILLER. I. L. Miller, Beltsville, Md.

Mr. MILLER. Your farm is located near Beltsville?

Mr. I. L. MILLER. Yes, sir.

Mr. MILLER. What distance is Beltsville from the market?

Mr. I. L. MILLER. About 12 miles.

Mr. MILLER. What is the total acreage of your farm?

Mr. I. L. MILLER. One hundred and twenty-five.

Mr. MILLER. What is your acreage under cultivation?

Mr. I. L. MILLER. One hundred and twenty-five.

Mr. MILLER. What do you grow on your farm?

Mr. I. L. MILLER. Wheat, corn, hay, sweet potatoes, and sugar corn.

Mr. MILLER. Is that all?

Mr. I. L. MILLER. Well, I have some fruit.

Mr. MILLER. What kind of fruit?

Mr. I. L. MILLER. Grapes, principally.

Mr. MILLER. Do you have as many acres under cultivation this year as you had last year?

Mr. I. L. MILLER. Yes, sir.

Mr. MILLER. You sell all your products to the Farmers' Product Market?

Mr. I. L. MILLER. Yes, sir.

Mr. MILLER. How did climatic conditions affect your crops this year?

Mr. I. L. MILLER. Very disastrously on the wheat, and to some extent they seriously affected the sweet potato crop.

Mr. MILLER. How about corn?

Mr. I. L. MILLER. It improved the field corn.

Mr. MILLER. How was the labor supply on your farm this year compared with last year?

Mr. I. L. MILLER. I had a lack of labor, insufficient labor.

Mr. MILLER. What was the total number of farm hands on your farm last year?

Mr. I. L. MILLER. I had an average of two men and two boys.

Mr. MILLER. And in addition, your own labor?

Mr. I. L. MILLER. I do not give my time to the farm; I am a private secretary.

Mr. MILLER. How many farm hands have you this year?

Mr. I. L. MILLER. An average of one man and two boys part of time. I had three men leave me this summer.

Mr. MILLER. Has this reduction of labor caused you to produce any less on those acres?

Mr. I. L. MILLER. Yes; less cultivation, and, consequently, a deterioration in the quantity.

Mr. MILLER. You said you had your total acreage under cultivation?

Mr. I. L. MILLER. Yes; it was all under cultivation, but I was not able to properly take care of it.

Mr. MILLER. What is your total weekly wage for all of your farm hands?

Mr. I. L. MILLER. Do you mean at the present time?

Mr. MILLER. Last year and this year.

Mr. I. L. MILLER. Last year it would average during the harvesting season \$50 a week.

Mr. MILLER. In other words, to make it plainer, what did you pay for labor last year?

Mr. I. L. MILLER. \$1,800.

Mr. MILLER. What is your total capital invested in your farm?

Mr. I. L. MILLER. \$20,000.

Mr. MILLER. Do you own the farm?

Mr. I. L. MILLER. Yes, sir.

Mr. MILLER. What did you clear last year?

Mr. I. L. MILLER. In 1918 on the farm I paid an income tax of \$809.

Mr. MILLER. How many days a week do you send your produce into Washington?

Mr. I. L. MILLER. I send it when I have produce to send. During this time of year it is necessary to go very frequently every day; other weeks once or twice.

Chairman BALL. That depends entirely upon the crop that you have raised, whether it is a tomato crop or a corn crop?

Mr. I. L. MILLER. That is it.

Chairman BALL. Maybe for a month or two you will not have to go at all, but during the maturing of one particularly crop you would have to go every day?

Mr. I. L. MILLER. Yes, sir.

Mr. MILLER. Do you bring your produce in by motor trucks?

Mr. I. L. MILLER. Yes, sir.

Mr. MILLER. To whom do you sell that produce?

Mr. I. L. MILLER. I sell it to street hucksters and retailers.

Mr. MILLER. You do not sell through commission merchants?

Mr. I. L. MILLER. I do not.

Mr. MILLER. You are a farmer that sells directly to the small hucksters and small retailers?

Mr. I. W. MILLER. Yes; whoever the buyer may be.

Mr. MILLER. Do you sell any to the consumer direct?

Mr. I. L. MILLER. I do not sell any retail stuff to the consumer. If I am hauling corn and he wants a sack of corn he gets it and nothing less.

Mr. MILLER. Where is your place of business here in the city?

Mr. I. L. MILLER. In the Riggs Building.

Mr. MILLER. You mean you have the produce brought in here and delivered to the retailers, and they sell on orders taken by you here?

Mr. I. L. MILLER. No; I bring it into the produce market and my own stuff. Then I go to the office.

Mr. MILLER. How do you determine the prices that you are going to get from the people that you are going to sell?

Mr. I. L. MILLER. I determine them on purely demand and supply.

Mr. MILLER. It is the old question of supply and demand?

Mr. I. L. MILLER. Yes, sir; it is the old question. It is the one that prices are regulated by.

Mr. MILLER. You do not let anybody tell you what to charge your produce?

Mr. I. L. MILLER. No, indeed. I get all I can.

Mr. MILLER. You have not heard of any of your friends being told to sell at certain prices?

Mr. I. L. MILLER. No, sir.

Mr. MILLER. You find that the markets are often overstocked and you are unable to get rid of your produce at the prices you want?

Mr. I. L. MILLER. I do.

Mr. MILLER. What do you do with it then, sacrifice it or take it back to your farm?

Mr. I. L. MILLER. I sacrifice it.

Chairman BALL. Do you think this daylight-saving law interferes in any way with the amount of your production?

Mr. I. L. MILLER. Yes, sir.

Chairman BALL. In what way?

Mr. I. L. MILLER. Shorter hours. Help will quit at six o'clock in the evening whether they have given you a full day's work or not.

Chairman BALL. Can you do effective work on your own farm before the dew dries off?

Mr. I. L. MILLER. No, sir; I can not.

Chairman BALL. Then, the time of your beginning necessarily depends on the height of the sun and not the hour that may be fixed?

Mr. I. L. MILLER. Yes. In cutting grain we must wait until the dew is off.

Chairman BALL. You wait until the proper time, no matter how high the sun might be?

Mr. I. L. MILLER. That is right.

Senator SHEPPARD. What are your hours for labor on the farm?

Mr. I. L. MILLER. We have not any fixed hours. We try to put 10 hours in the field, as nearly as possible.

Senator SHEPPARD. Is that supposed to be your standard day's work, 10 hours?

Mr. I. L. MILLER. Yes.

Mr. MILLER. Are you generally satisfied with the prices you get from the people to whom you sell here?

Mr. I. L. MILLER. Well, yes; I am satisfied; I have to be satisfied in a great many cases, because I do not always get what the produce is worth.

Chairman BALL. Put the question in another way. Do you think that the prices that you get pay you for raising the different articles?

Mr. I. L. MILLER. No, sir; I do not.

Senator CAPPER. How does the high cost of living hit you in your business?

Mr. I. L. MILLER. Well, the high prices of produce this year have not increased the net income of the farm. I have only been farming

about four years. The first two years of the war the farm showed a higher profit than it has in the last two years, simply due to the high cost of materials, such as fertilizer and labor. Labor has more than doubled.

Senator CAPPER. What has been the increase in your fertilizer? You buy a great deal of fertilizer?

Mr. I. L. MILLER. I spend about \$800 a year on fertilizers.

Senator CAPPER. Are the fertilizers that you buy now without soda preparations any material good?

Mr. I. L. MILLER. No, sir; I do not think they are of the same quality that they were, especially the bone.

Senator CAPPER. Do you use nitrate of soda?

Mr. I. L. MILLER. I do not.

Senator CAPPER. Do you use potash?

Mr. I. L. MILLER. No, sir; I can not get potash.

Senator CAPPER. That is the reason you do not use them, because you can not get them?

Mr. I. L. MILLER. Yes, sir; that is the reason.

Senator CAPPER. They are the efficient fertilizers?

Mr. I. L. MILLER. Yes, sir.

Senator CAPPER. How much more does it cost you and your family to live now than it did before the war?

Mr. I. L. MILLER. Senator, I can not answer that question.

Senator CAPPER. Could you tell approximately?

Mr. I. L. MILLER. The principal increase in expense, I should think, would be in clothing, and I should say it has more than doubled, but just how much I have actually spent as an increase in living expenses I could not tell you.

Senator CAPPER. Are your taxes any higher?

Mr. I. L. MILLER. Yes; considerably higher.

Chairman BALL. What State do you live in?

Mr. I. L. MILLER. Maryland. County and State taxes have increased about 50 per cent, and in the last two years the income tax has taken me in.

Chairman BALL. Do you pay an income tax on your income from the farm or on your salary as private secretary?

Mr. I. L. MILLER. On both.

Chairman BALL. What was your farm revenue last year?

Mr. I. L. MILLER. My farm revenue was \$800 last year.

Senator SHEPPARD. Is that net or gross?

Mr. I. L. MILLER. Net.

Chairman BALL. You paid on \$800?

Mr. I. L. MILLER. Yes.

Chairman BALL. Where did you get your exemption, from your private secretaryship?

Mr. I. L. MILLER. Yes, sir.

Chairman BALL. What did you have invested?

Mr. I. L. MILLER. \$20,000.

Senator SHEPPARD. And made only \$800?

Mr. I. L. MILLER. Yes, sir.

Chairman BALL. What prices are you getting for corn now?

Mr. I. L. MILLER. Thirty cents a dozen was the last price I received; that was on Saturday.

Chairman BALL. What are the prices on tomatoes?

Mr. I. L. MILLER. Tomatoes I do not raise.

Chairman BALL. Have you sold your wheat?

Mr. I. L. MILLER. No, sir; that is in straw yet.

Chairman BALL. Do you expect to get anything out of it?

Mr. I. L. MILLER. Nothing except chicken feed.

TESTIMONY OF MR. F. J. DAVIDSON, JR.

The witness was duly sworn by Chairman Ball.

Mr. MILLER. Please give your full name and place of business in Washington, Mr. Davidson.

Mr. DAVIDSON. F. J. Davidson, jr., 945 Pennsylvania Avenue.

Mr. MILLER. I understand that you represent the Farmers' Co-operative Association?

Mr. DAVIDSON. I act as broker for a number of shippers. They call them farmers' exchanges.

Mr. MILLER. State briefly to the committee the method by which you transact your business.

Mr. DAVIDSON. I write and solicit accounts with the shippers, and they quote me a price and I go out and sell to the wholesale dealers in Washington, and they pay me a brokerage for selling them.

Mr. MILLER. You sell them for whom?

Mr. DAVIDSON. The shippers.

Mr. MILLER. Mention the firms.

Mr. DAVIDSON. There are a good many of them, probably 50 that I represent.

Mr. MILLER. Do you mean 50 farmers?

Mr. DAVIDSON. These people buy from the farmers.

Mr. MILLER. Where are they located?

Mr. DAVIDSON. From Florida to Maine and out West, Michigan, Minnesota, and Wisconsin.

Mr. MILLER. What products do these correspondents of yours handle besides potatoes?

Mr. DAVIDSON. Some handle potatoes, some cabbage, some onions.

Mr. MILLER. Name all the products that you have handled.

Mr. DAVIDSON. Potatoes, cabbage, onions, and carrots in the produce line.

Mr. MILLER. To whom do you sell, to the wholesalers here in the city, or do you sell to retailers?

Mr. DAVIDSON. To the wholesalers.

Mr. MILLER. Suppose a retailer wanted to buy from you?

Mr. DAVIDSON. They do not want to buy. They can not buy the quantities. We only sell in carloads. We do sell to some retailers, chain stores, and big retailers that want to buy. Small retailers can not buy in carload lots, and we do not quote them.

Mr. MILLER. Then, you are another cog in the wheel of distribution from the producer to the consumer. In other words, you get it from the producer and sell it to the wholesaler?

Mr. DAVIDSON. Yes, sir; we come between them because we sell to the wholesaler.

Mr. MILLER. Can you tell us, roughly, how many firms or individuals here in Washington are engaged in the same character of business that you are?

Mr. DAVIDSON. The produce brokerage business? Four others are all that I know of.

Mr. MILLER. Name them. If they are individuals give their individual names.

Mr. DAVIDSON. W. I. Dyer, F. C. Howard, J. L. Irgood, and E. M. Anderson.

Mr. MILLER. You have named five, including yourself.

Mr. DAVIDSON. Yes, sir.

Mr. MILLER. Approximately, how many exchanges do they all represent? You represent 50 yourself, you say?

Mr. DAVIDSON. Well, not exchanges. I represent several exchanges, but there are a number of independent shippers that I represent. There are only a few exchanges, comparatively, that I represent.

Mr. MILLER. How do you get your profit out of the business?

Mr. DAVIDSON. They pay a broker so much a car for selling, and out of that we pay our telegrams and office expense, etc.

Mr. MILLER. Who pays the shipping charges?

Mr. DAVIDSON. The shippers. They are sometimes sold f. o. b. and sold sometimes delivered.

Mr. MILLER. When goods are delivered to a wholesale commission merchant here in Washington by you, you have already, of course, realized a commission on them and have charged that in with the price that the wholesale commission merchant pays?

Mr. DAVIDSON. We do not fix the price. We have nothing whatever to do with fixing the price. They quote us a price, the shippers, and then we go out and try to sell at the price they ask for it. If we can not get the price they ask for it, then we try to get a bid a little under the price.

Mr. MILLER. If you can get a higher price, you realize more on your commission?

Mr. DAVIDSON. No; the brokerage would be the same. If we sold potatoes at \$10 a bag, we would not get any more than if we sold them at \$5 a bag. We sell by the car.

Mr. MILLER. You only handle in carload lots?

Mr. DAVIDSON. Yes, sir.

Senator CAPPER. Where do you get most of your potatoes?

Mr. DAVIDSON. Right now, we are getting them all from New Jersey.

Senator CAPPER. Where do you buy up there now; at what city?

Mr. DAVIDSON. Most of my business is done at Cranberry, N. J.; some at Freehold, N. J.

Senator CAPPER. You buy from a wholesaler up there?

Mr. DAVIDSON. They quote me and I sell for them.

Senator CAPPER. As I understand it, a farmer sells his potatoes to a local commission man in his town; then the commission man in that town sells to a wholesaler in the principal distributing center of that State; then you buy from that wholesaler; that is, you sell for him, and then you sell to a wholesaler here and the wholesaler here sells to the huckster, and the huckster sells to the Government employee or the citizen here in the city. Is not that about the process?

Mr. DAVIDSON. I have never been up there where they ship potatoes. I do not know exactly how they do at those points. They

secure the potatoes. They buy them. There are some growers, no doubt, that I represent occasionally. They will have a car of potatoes. They secure the potatoes and quote me a certain price. Then I sell to the wholesaler and, of course, he sells to the retailer.

Senator CAPPER. But it passes through about six hands and they all take a slice at it. That is one reason that the price when it comes down to the consumer finally is so high that they are all complaining. Do you not think that has something to do with the high cost of living? Everyone that handles them gets some profits, no doubt, out of the transaction?

Mr. DAVIDSON. I have not any idea how much profit they do get.

Mr. MILLER. Do you brokers sell among yourselves?

Mr. DAVIDSON. From one broker to another?

Mr. MILLER. Yes.

Mr. DAVIDSON. No, sir.

Mr. MILLER. You do not recollect in the number of years you have done business that you may have sold to Mr. Dyer or Mr. Anderson, or Mr. Howard, your fellow brokers?

Mr. DAVIDSON. Never. They simply do not buy anything.

Mr. MILLER. Suppose a car of produce comes here and you do not want it.

Mr. DAVIDSON. Who does not want it?

Mr. MILLER. The broker does not want to handle it.

Mr. DAVIDSON. Nine hundred and ninety-nine times out of a thousand they are sold before they are shipped.

Mr. MILLER. In your business have you ever refused a shipment that came in here?

Mr. DAVIDSON. No, sir. I have never refused anything myself.

Mr. MILLER. It was found in the Food Administration Office that sometimes a car would come here and the brokers would refuse it, and there would be so much produce wasted.

Mr. DAVIDSON. No; I could not refuse it, because it is not shipped to me.

Mr. MILLER. What happens if your buyer here says you have ordered from him and he will not take it or does not want it?

Mr. DAVIDSON. We first attempt to get him to take it, to do everything we can to get him to take it. When we get complaints about the quality we get a Government inspection.

Mr. MILLER. Has such a contingency arisen in your business that you can recall?

Mr. DAVIDSON. That they refused to take the stuff when it got here?

Mr. MILLER. Yes.

Mr. DAVIDSON. Yes, sir.

Mr. MILLER. Have you ever had to refuse a shipment and send it back to the producer, or not dispose of it?

Mr. DAVIDSON. It has been diverted. I do not think anything ever went back to the shipper. I have had occasions when they would be able to do better on another market, and they would divert the car away—would ship to some other market. At other times it is not diverted and they take a loss on it—that is, take a lower price, maybe not necessarily a loss.

Mr. MILLER. Is there anything to prevent the wholesalers you sell to from getting this produce here without your aid and efforts?

Mr. DAVIDSON. Not a thing in the world.

Mr. MILLER. You think you are essential to the supply of food coming to the wholesalers here in the District?

Mr. DAVIDSON. I judge it must be the cheapest way of distributing it or the shippers would not have the brokers.

Senator CAPPER. Do you ship and produce out of Washington?

Mr. DAVIDSON. No, sir.

Senator CAPPER. Is there anyone here engaged in shipping out the produce grown around here?

Mr. DAVIDSON. Any broker?

Senator CAPPER. Any commission merchant or wholesaler here?

Mr. DAVIDSON. Occasionally they do. I do not know that I could tell you any special case, but I have heard of produce being shipped out to some other markets.

Senator CAPPER. There is not very much of a market here for shipping out?

Mr. DAVIDSON. No, sir; I would not call it much of a market.

Senator SHEPPARD. What is your investment in your business here?

Mr. DAVIDSON. No capital.

Senator SHEPPARD. What margin do you figure on in order to come out with a profit?

Mr. DAVIDSON. The shippers pay different rates of brokerage, and they pay the same no matter what the crop is worth.

Senator DAVIDSON. What is the average?

Mr. DAVIDSON. About \$6 to \$10 a car.

Senator SHEPPARD. What percentage would that be?

Mr. DAVIDSON. At the present time, that would be, I would say, not over 1 per cent.

Senator SHEPPARD. What was your volume of business last year?

Mr. DAVIDSON. I did not keep a record of the volume of business.

Senator SHEPPARD. What were your net profits?

Mr. DAVIDSON. \$6,100.

Senator SHEPPARD. Would you figure in any charge for your own services?

Mr. DAVIDSON. No; that was all I made altogether.

Senator SHEPPARD. And you do not know what your volume of business was? You do not recall it?

Mr. DAVIDSON. No; I just figured up what my income was.

Senator SHEPPARD. Do you rent your place of business?

Mr. DAVIDSON. Yes, sir.

Senator SHEPPARD. Well, your rents and your expenses would represent your investment last year.

Mr. DAVIDSON. The main expenses are telegrams and telephone messages. We do all business by telegram and telephone.

Senator SHEPPARD. Do you know about what your expenses were?

Mr. DAVIDSON. About \$4,000, I guess; in that neighborhood.

Mr. MILLER. Do the producers that you deal with desire to deal with Washington markets more than with other markets throughout the country?

Mr. DAVIDSON. They do at times when the Washington market is better than other markets.

Mr. MILLER. You said you deal with producers from Florida to Maine and in the Western States. What would induce people from the Western States to send produce here to you to sell for them?

Mr. DAVIDSON. There are different seasons. There is the season for Florida potatoes when you do business in Florida. Then it comes on up—Georgia, South Carolina, North Carolina, and New Jersey.

Mr. MILLER. Have you done the character of business you are doing in any other locality than Washington?

Mr. DAVIDSON. I have sold over in Baltimore.

Mr. MILLER. How does Baltimore compare with Washington?

Mr. DAVIDSON. In regard to prices?

Mr. MILLER. Yes, sir.

Mr. DAVIDSON. The prices there are exactly the same, sir.

Mr. MILLER. Then, the Washington market is considered by the producer rather a good market to get into?

Mr. DAVIDSON. I never heard them say so. They send the stuff here when they can get prices that pay them; at other times they do not send it here. Sometimes one market is better than others. Sometimes Washington may be better than Baltimore and vice versa. The Pittsburgh market may be better.

Senator CAPPER. How does the railway service handle the freight now compared with before the war?

Mr. DAVIDSON. It is not as good, in my opinion.

Senator SHEPARD. Does that result in any loss of produce or any delay or damage?

Mr. DAVIDSON. Yes, sir; it does.

Senator CAPPER. What seems to be the matter with the railway service?

Mr. DAVIDSON. I do not think they get stuff here as quickly now. You can not get any information from them such as you formerly could get, by any means.

Senator CAPPER. They are longer in delivery, are they?

Mr. DAVIDSON. They are longer in delivery, I should think, on the average. They do not give the service they did before. For instance, they used to put a wire tracer on a car that could not be located, but they do not give that service any more. That is, they do not give it to me, at least.

Senator CAPPER. Do you hear much complaint about the shippers in that regard?

Mr. DAVIDSON. With reference to the railroads?

Senator CAPPER. In reference to the service of the railroads.

Mr. DAVIDSON. Some little complaint. Of course, they are all worked up now on account of the threatened strike. There is talk now that they will not ship the stuff.

STATEMENT OF MR. T. C. HOWARD.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please give your full name and address.

Mr. HOWARD. T. C. Howard, 204 Tenth Street NW. I have my office there, only.

Mr. MILLER. You are one of the five brokers that Mr. Davidson has named, are you not?

Mr. HOWARD. Yes, sir.

Mr. MILLER. Where do your correspondents live throughout the country?

Mr. HOWARD. They operate from Florida, then from Florida to Virginia, and from Virginia to Jersey, New York or Maine; Michigan, and Wisconsin, and Minnesota, on potatoes.

Mr. MILLER. How many associations or organizations do you represent?

Mr. HOWARD. I guess perhaps between 35 and 40, or 45. I do not know exactly, but it is something like that.

Mr. MILLER. How two brokers represent the same organization or set of farmers?

Mr. HOWARD. Yes; sometimes

Mr. MILLER. How do you dispose of the produce that you bring in, and how does it come in?

Mr. HOWARD. It is all disposed of, sir, before we bring it in. If you will allow me, I will give you a little synopsis of what I mean by that. I am supposed to be a broker. I go to Golden & Co. and they ask me the price on potatoes. They give me an order, and I execute that order for Golden & Co. and wire it to my shippers. The order will be confirmed or not confirmed, and I confirm it to Golden, but I buy nothing and sell nothing on my own account. We simply execute the orders given by the wholesale dealers.

Mr. MILLER. Everything is in carload lots?

Mr. HOWARD. Yes, sir; any produce.

Mr. MILLER. What is your capital invested in this business?

Mr. HOWARD. I have not any capital except my desk and typewriter and office.

Mr. MILLER. How much did you make last year?

Mr. HOWARD. I have not the exact figures with me, but the net amount was about \$6,000.

Mr. MILLER. You are occupied the whole year round?

Mr. HOWARD. Yes, sir.

Mr. MILLER. Senators, unless you want to bring out some additional points I can not add anything more than what I have already adduced from Mr. Davidson.

Senator CAPPER. I have no questions.

Mr. MILLER. I will ask this question. Do the brokers sell among themselves?

Mr. HOWARD. No, sir; absolutely not.

Mr. MILLER. Do you have many of your orders refused?

Mr. HOWARD. We have had at times quite a number of cars refused.

Mr. MILLER. At times. When?

Mr. HOWARD. Sometimes in the winter time they will be a little frosted. That, of course, is a loss to somebody. If the receiver accepts those it is his loss, unless the shipper will agree before hand to make it good, and sometimes when they are very much frozen we turn them down absolutely.

Mr. MILLER. Why could not these wholesale houses employ a man in your capacity, for instance, to do the same business that you are doing for them?

Mr. HOWARD. I do not think they can buy as cheaply as we can buy.

Mr. MILLER. In other words, you think you are a necessary cog in the distribution?

Mr. HOWARD. I do not know that we are necessary, but I think we buy more cheaply than they can buy direct.

Senator CAPPER. As I understand, they ship their produce for you to sell, and you get a commission.

Mr. HOWARD. No, sir; I execute orders when given to me only. I do not have anything shipped here. There have been times, perhaps in the last 5 or 10 years—there has been a carload or two of potatoes shipped in on commission for me to sell on arrival, but as a rule 9 cars out of 10, or more than that, a larger percentage than that will be sold before I ship them out.

Senator CAPPER. How do you determine what is the actual price? How do you fix the market price?

Mr. HOWARD. Competition. I will hear someone else's price and I will get, perhaps, two or three quotations in the morning from different shippers in or near the same locality. Of course, if I have the lowest price, the lowest man gets the order. That is, of course, the matter of business.

Mr. MILLER. You do not sell on commission, you say, at all?

Mr. HOWARD. That is the commission basis. We sell on the commission basis exclusively. The shipper pays me a commission for executing these orders.

Senator CAPPER. The commission comes out of the producer or the consumer?

Mr. HOWARD. Sir?

Senator CAPPER. Who pays that commission?

Mr. HOWARD. The shipper, sir; the man I sell for.

Senator CAPPER. Why could not he sell direct? You sell to the wholesaler direct, probably. What would be the matter with him selling to the wholesaler direct and eliminating that commission?

Mr. HOWARD. I think the volume of business they would have would be the reason. They could not quote to all places. Just at the present time the whole Eastern States east of Chicago to Chicago are drawing on New Jersey for potatoes. They are supplying that part of the country, and of course the broker and salesmen are wiring to those different shippers every night and every morning for price. I presume that is why they do not quote direct. Sometimes they quote direct.

Mr. MILLER. What was your volume of business last year, Mr. Howard?

Mr. HOWARD. I do not keep track of the volume, sir, in dollars and cents; I could not do it.

Mr. MILLER. Can you give us a general idea as to how many carloads of produce you handled last year?

Mr. HOWARD. I expect between five and seven hundred cars.

Mr. MILLER. Suppose it was 700 cars and there are no more than five brokers in business in Washington—

Mr. HOWARD. That is about all, I think.

Mr. MILLER. Taking it as a general average, there might have been 3,500 cars of potatoes brought here from far-off points through the efforts of you five brokers?

Mr. HOWARD. That may be a little excessive. I could not say. Of course, I sell potatoes, cabbage, onions, and beans—sometimes carrots.

Mr. MILLER. You testified that you cleared about \$6,000, and that witnesses ahead of you testified to about that amount. In other

words, you got a total of about \$30,000 for bringing 3,500 carloads of produce into Washington?

Mr. HOWARD. That is not all for produce. I sell to the wholesale grocers also—canned goods in season, salt fish in season, cheese, and other lines, besides the produce business. •

Mr. MILLER. What I wanted to find out was the relative benefit to Washington of the commissions which represent the expense the consumer bears.

Mr. HOWARD. You would have to cut that, because my commissions would not all be on produce. There are other lines that would cut into that considerably.

Mr. MILLER. Are there any further questions, Senator? If not, that is all.

The next party to be called is Mrs. E. A. Calvin. We are going to hear four of the consumers' representatives, not representing certain organizations, but just ladies who have come here to tell us some of their troubles.

STATEMENT OF MRS. E. A. CALVIN.

(The witness was duly sworn by Senator Capper, presiding, in absence of Chairman Ball.)

Mr. MILLER. Will you give your name and address, please?

Mrs. CALVIN. Mrs. E. A. Calvin, 1660 Park Road, Washington.

Mr. MILLER. I understood that you wanted to preface what you had to say by a little statement?

Mrs. CALVIN. I should like to do so. I should like to refute, if possible, the testimony of most of the meat dealers and a large part of the men who testified here last week to the effect that Washington housewives demanded only the higher-priced products. I was very glad to hear the broker who has just testified confirm me in that this afternoon by making the statement that Washington was not an especially good market. It would take an exceptionally good housewife to be extravagant on the prices we have had within the last few years, and I think Washington housewives realize just as much as housewives in other parts of the country that there are certain causes over which we have no control that have led to high prices, such, of course, as the world shortage of food, the increase in taxes, that is, the income and excess-profits taxes. Not that the ultimate consumer pays a great deal of those, but almost all the people who can, will pass them on to him. Of course, the decrease in production and the increase in the circulating medium the housewife realizes and knows, just as everyone else knows it. She has tried to shop within the last few years more economically and more efficiently than she ever did before. She has had to.

Unless you care to ask some questions now, I will say that the testimony this afternoon has shown where our trouble is. It is not that the Washington housewives like to shop by telephone or that we demand the higher-priced foods. I do not shop by telephone, personally, but I have never found that it was any cheaper to spend a half a day going to the market, possibly a few cents cheaper in the course of a week; but if the housewife has to spend two or three

dollars' worth of time to save 10 or 15 cents, I do not know that very much is added to her household at the end of the month.

It seems to me there are a few things in which we can help in the cost of living, and one of those has been brought out by the testimony this afternoon—the large number of people that handle the food from the time it leaves the farmer until the time it gets to us. That is something we now have no control over, no matter in what way we shop.

I noticed a week or so ago, when the prices fell as a result of your inquiry, the papers stated that farmers had been receiving from \$1.75 to \$2.25 a hundred for their corn. The greater part of the season Washington housewives have had to pay, if they had corn, from 80 cents to \$1 a dozen.

Senator DIAL. Just a minute; do you take boarders?

Mrs. CALVIN. No, sir.

Mr. MILLER. Have you found from your experience that after this committee opened up its investigations the prices dropped?

Mrs. CALVIN. Yes, sir.

Mr. MILLER. In what commodities, from your own experience?

Mrs. CALVIN. In meat, especially.

Mr. MILLER. Name, for instance, any dealers that you know of, if you care to do so, whose prices have gone down since the investigation started?

Mrs. CALVIN. Prices generally on the market had fallen immensely Friday and Saturday; in meat, in the chain stores, the prices had fallen.

Senator DIAL. About how much a pound?

Mrs. CALVIN. The price of meat had fallen, from, say, 25 cents for certain cuts of meat, the chuck roasts, to as low as 15 and 18 cents on the market; stew meat, for instance.

Mr. MILLER. Did that cause any comment between the retailer and the consumer?

Mrs. CALVIN. It certainly did in some of the cases where I happened to be the purchaser.

Mr. MILLER. What did the retailer give as his reason for that reduction?

Mrs. CALVIN. The usual reason; that their prices had been made cheaper and, of course, as to produce that there had been heavy receipts.

Mr. MILLER. You do not think that is lasting?

Mrs. CALVIN. Indeed I do not.

Mr. MILLER. Proceed; I will not interrupt you any more.

Mrs. CALVIN. I do not object to the interruptions at all, I am not accustomed to this sort of work and I probably will leave out a good many things that you want to know.

Senator DIAL. We are just home folks; we are all interested.

Mr. MILLER. I did not want to interrupt you.

Mrs. CALVIN. That is all right, Mr. Miller.

Senator DIAL. What do you pay for eggs?

Mrs. CALVIN. Sixty cents a dozen.

Senator DIAL. What do you pay for Irish potatoes?

Mrs. CALVIN. Irish potatoes are rather interesting. I noticed the broker said they had received a large number of potatoes from New

Jersey just now. That certainly ought not to add a great deal to the freight cost. I pay 80 cents a peck for the Irish potatoes for the last month or so. They have, of course, been much more.

Senator DIAL. Eighty cents?

Mrs. CALVIN. Yes, sir; 80 cents a peck. Of course, I do not know how much the farmers in New Jersey are receiving now, but if they were bought this year the farmer received about \$1.16 a bushel for them; if they were bought last year he received \$1.21 a bushel. During the last part of last year \$3.20 has been cheap for potatoes on the Washington market; that is, cheaper than we have been getting them for.

Senator DIAL. Have you figures here for some other vegetables you have bought?

Mrs. CALVIN. I have figures for chickens.

Senator DIAL. Read them, please.

Mrs. CALVIN. May I say just here that the housewife has become so accustomed to cold-storage products that we very seldom get any other kind. So I looked up the price that the farmers had received for some of these storage products that we have been buying, and I notice that chickens last year brought on an average to the farmers 20 cents a pound; if bought during this year they brought an average of 23, almost 24 cents a pound. Of course, the storage chickens that we buy now were put into storage in the early part of this year, or last year, and we pay 60 cents a pound for those chickens. There has been an increase in the amount of chickens, particularly the broilers, in cold storage the first of last year, of 285 per cent, which might have something to do with the cost of living just now.

Eggs brought the farmer last year an average of 39 cents a dozen, and we paid from 50 to 70 cents; and if bought this year and put into cold storage they brought the farmer 40 cents. We have paid from 60 to 80 cents for those eggs.

I was rather interested in the price of sweet potatoes produced this year: The farmer receives \$1.59 a bushel for those, and for those produced in 1918 he received \$1.48. We pay from \$4 to \$5.50 a bushel for those same potatoes.

I would like to make it clear that I believe Washington housewives, or people in the District of Columbia or people in the cities anywhere do not object to the price the farmer is receiving for his produce. Also we realize that the retail merchant can not do business with as small gross profits as were made a few years ago. But so far as I have seen the figures of the Federal Trade Commission, the manufacturers and the retailers are making larger net profits than they have ever made before. They seem to be passing the extra tax on the consumer.

Mr. MILLER. The man who actually hands you the article makes more proportionately than all of the other agencies, including the producers, put together?

Mrs. CALVIN. The man who receives the meat or the man who receives the vegetables receives in many instances more than the man who raises and produces the article and the people who bring it to market.

Mr. MILLER. If it will not destroy your train of thought, I have several questions that I would like to ask you.

Mrs. CALVIN. I will be very glad to answer them.

Mr. MILLER. I understood you to say that it had been your experience that the meat dealers in Washington do not have the cheaper grades of meat?

Mrs. CALVIN. It is not possible to buy cheap meat, Col. Miller.

Mr. MILLER. For instance, do you find that the people who advertise cheap meat have the best class of meat? I will not give the man's name, but we had a man before us last week whose advertisements might lead us to believe that he sells meat much more cheaply than anybody else, but the committee has had it brought out that it is what is known as cow beef, which is a cheaper grade of beef. You perhaps might know the name of the man. I do not want to bring it out in the testimony.

Mrs. CALVIN. No; I do not happen to know of that; I know it has been impossible for housewives to get cheaper cuts of meat. Any housewife can prepare the cheaper cuts of meat in a very palatable way.

Mr. MILLER. Do any of these meat dealers say, "We do not keep these cheaper grades of meat because we can not dispose of it if we have it?"

Mrs. CALVIN. I have never heard of it until it was brought out in the testimony.

Mr. MILLER. Are you aware of any agents, organization, or individual that controls prices in the District of Columbia that the farmer receives, or the original producer receives?

Mrs. CALVIN. No, sir; I am not. I do not happen to have made any investigation along that line. I have made investigations in two or three other cities, and may I say that the way city markets are conducted, it seems to me they might be done away with with great advantage to the consumers. It simply means that it makes more stores that the consumer has to keep up. It seems to me the testimony has shown how many unnecessary middle men there are. If men who have no equipment at all and no capital invested in the business can make \$5,000, \$6,000, or \$7,000 a year, we do not have to go very far to find out the reason for part of the high cost of living in Washington. You had testimony last week showing that men who have an investment of only \$60,000 made over \$28,000—nearly 50 per cent.

Senator SHEPPARD. If the cheaper cuts were available, would they be freely purchased?

Mrs. CALVIN. Oh, yes, Senator Sheppard; housewives would be glad to avail themselves of the cheaper cuts.

Mr. MILLER. You remember that several years ago the department issued a book on preparing the cheaper cuts of meat, which was known as Farmers' Bulletin No. 391?

Mrs. CALVIN. Yes sir.

Mr. MILLER. When the people began to buy those cheaper cuts of beef, like round steak, for instance, did that drive the prices upward because of the demand?

Mrs. CALVIN. I understand that it did. I also happen to know that during the war, when we were urged to eat fish, the price of fish went immediately up, not only fresh fish, but canned fish.

Mr. MILLER. Would that seem to substantiate the claim that supply and demand govern the price, then, in your opinion?

Mrs. CALVIN. Well, of course, supply and demand do in a way govern prices, but there are so many ways to manipulate prices after the products have passed into the hands of the middle men, that it seems to me that supply cannot be said to govern prices to more than a very limited extent.

Senator DIAL. When there was a demand for fish, did that have any effect upon the price of beef or mutton?

Mrs. CALVIN. Prices advanced concurrently. At the time we were urged to eat fish it was at the time the war was going on, when we were going without meat almost entirely.

Senator CAPPER. We were shipping meat abroad then?

Mrs. CALVIN. Yes, sir. And housewives were very careful to buy just as little meat as possible, and it would be impossible to say if any one thing influenced the market.

Mr. MILLER. I understand that you desire to comment on the price of sugar set by the fair price commission?

Mrs. CALVIN. I have been paying 10 cents a pound for sugar for the last three or four months. I buy it in small quantities because I buy it from one of the chain stores which has been limiting the quantity that will be sold to the purchaser. I have been paying 10 cents a pound for it. I presume that they are making the profit they wish at 10 cents a pound. I was surprised at the action of the Department of Justice in naming 11 cents as a fair price. I know of no change in the wholesale market that has caused that.

Chairman BALL. Has that changed the price of sugar from 10 to 11 cents?

Mrs. CALVIN. I have not bought sugar since, but I have no doubt that it will.

Chairman BALL. That price is the maximum that can be charged?

Mrs. CALVIN. Yes; but I believe it almost invariably happens that the maximum becomes the minimum. We have usually found it so in other foods.

Senator CAPPER. Have you had any experience in cooperative buying?

Mrs. CALVIN. Not in the District. I have not happened to be connected with any cooperative buying movements in the District of Columbia.

Senator CAPPER. Do you think that system can be introduced here with good results?

Mrs. CALVIN. I do. I see no reason why it should not.

Senator CAPPER. Do you think housewives would be inclined to look favorably upon the cooperative movement here?

Mrs. CALVIN. Yes sir; I do. I believe they have found something has to be done to eliminate the number of middlemen, and it seems to me that would be the simplest means of getting at it. I do not know whether it is possible for the profits of these men to be limited or not, and, if not, it seems to me cooperative buying is the only thing left to the consumer.

Chairman BALL. It is your experience that if the cheaper grades of meat were properly displayed there would be no trouble in selling them?

Mrs. CALVIN. Absolutely none. The cost of living is such——

Chairman BALL. At a reasonable price?

Mrs. CALVIN. At a reasonable price. The cost of living is so high that they would be glad to buy it.

Chairman BALL. You believe that the retailers' claim of having to charge an exorbitant price for the better cuts in order that they might realize on the average price is not well founded?

Mrs. CALVIN. I believe it is not. While I was president of the Housewives League in Houston, Tex., I heard butchers make the same excuse whenever the price of their meat was under inquiry, but I have never found it substantiated on inquiry among the housewives. I certainly do not think it is so now, with the cost of living as it is and with the cost of even the necessities of life being so great.

Chairman BALL. In your experience, has the price of any of the cuts of meat been reduced within the last six weeks or two months or is the price now about the maximum price that has been charged?

Mrs. CALVIN. The price during the early part of last week was about the maximum that has been charged. There was some slight reduction, Friday and Saturday, and some of the cheaper cuts were displayed. There was no reduction, possibly, in the higher grades, but cheaper cuts were displayed.

Senator DIAL. How do prices now compare with those of about six months ago, for meat?

Mrs. CALVIN. About the same. Pork is higher.

Senator DIAL. Pork is higher now?

Mrs. CALVIN. Yes, sir.

Senator DIAL. How about twelve months ago? Do you remember about that long ago?

Mrs. CALVIN. I happened to be boarding about a year ago. I am not familiar with that.

Chairman BALL. We want especially the beef prices here, because I think the conditions of beef and pork are different at present.

Mrs. CALVIN. Yes, sir.

Chairman BALL. The supply of beef is very ample now to supply the demand. There is no question about that. The supply of pork probably has been limited. During the war we shipped abroad much of the beef to supply practically the Allies. Now I understand from the testimony of the packers that we are not shipping beef. South America is supplying the beef. Was not that the testimony?

Senator CAPPER. Yes.

Chairman BALL. Therefore the supply of beef ought to be ample. If the butchers would sell the cheaper cuts, in your judgment, at a reasonable price, they would be enabled then to sell the other cuts at a less price than they have been charging?

Mrs. CALVIN. Unquestionably.

Senator CAPPER. Have you any knowledge of conditions of hardship and distress in the District by reason of the higher prices?

Mrs. CALVIN. I happen not to be so situated just now that I can say. But I know from the salary that is received by a number of employees here in the District there must be very great hardship. Some of the ladies who will come after me will tell about some of their daily expenditures for food, and that may give you an idea of what the poorer-paid people have to contend with.

STATEMENT OF MRS. R. W. STANCILL.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give us your full name and address.

Mrs. STANCILL. Mrs. R. W. Stancill, 2706 Ontario Road.

Mr. MILLER. We understand that you are one of the housewives who have come here to-day voluntarily to give us some information about buying?

Mrs. STANCILL. Yes, sir, I will be glad to help in any way that I can.

Mr. MILLER. I notice that you have a paper. Do you want to proceed with a preliminary statement?

Mrs. STANCILL. No. If there are any questions you would like to ask, I would be glad to answer them. I just jotted down some prices we have been paying for things. I have several girls with me. We have been buying quite a little bit, and I have just jotted down some prices if you wanted them. If there are any special questions, it would save time, perhaps.

Mr. MILLER. Where do you do your buying?

Mrs. STANCILL. Sometimes at the market; quite a good many things at the Sanitary; and I buy quite a good many things from the huckster wagons, because they are much more reasonable for me. I think I live in a neighborhood where things are particularly high.

Mr. MILLER. What market do you buy from?

Mrs. STANCILL. I go to Center Market and to the O Street Market, and occasionally to the Arcade Market.

Mr. MILLER. Who are the hucksters from whom you buy?

Mrs. STANCILL. They come to our door. There are several huckster wagons that pass our door, and I have found that a great many things I can buy from them much more reasonably than I can buy anywhere else, because I do not have a car and can not deliver them myself.

Mr. MILLER. Why are you able to buy more reasonably from those hucksters?

Mrs. STANCILL. They have quoted better prices. For instance, I priced potatoes from them. I rarely buy them in small quantities. I rarely ever get less than a bushel, and usually in larger quantities, and so I have not priced a quarter of a peck, because we use them in larger quantities.

Mr. MILLER. Do these hucksters ever complain to you that they have been told what to charge for certain produce?

Mrs. STANCILL. No, sir; they have not. I have never asked them about that.

Mr. MILLER. You have heard no rumor that prices are fixed in the District of Columbia by any individual or set of individuals?

Mrs. STANCILL. No, sir; I have never questioned them or heard that remark.

I agree with Mrs. Calvin very fully in regard to the price of meat and things of that sort. Nearly all of us who use fireless cookers could very often use a less expensive cut of meat to just as good advantage and probably more so. I have found it several times impossible to get the cheaper cuts when they have been advertised.

Mr. MILLER. Have you been able to get those cheaper cuts?

Mrs. STANCILL. No, sir, I have not. I have asked at different stores, at the Dutch Market and different markets. They always happened

to be out of that at the time, or at least I have not been able to find them. If I have found them, it would be really inferior meat that I would not care to buy. I believe housewives would be glad to avail themselves of opportunities to buy reasonably, unquestionably.

Mr. MILLER. Do you find that retailers who advertise cheaper cuts of meat will have really the best grade of meat, or is it an inferior grade?

Mrs. STANCILL. I have found it an inferior grade when I tried to buy it—that that was advertised as the cheaper cuts of meat.

Senator DIAL. The cheaper cuts are perfectly wholesome, are they not?

Mrs. STANCILL. Yes, sir; but several times when I have endeavored to buy cheaper meats and have looked at the meat, it was meat that I could not use.

Chairman BALL. You have found that the cheaper cuts, in other words, were not cheaper cuts of the best beef, but cheaper cuts of a cheaper grade?

Mrs. STANCILL. Cheaper grade of meat, yes; and the meats that would be available for cooking in the fireless cookers we could use greatly to our advantage if it were possible to get them.

Mr. MILLER. To go back to the hucksters, where do they get their produce, Mrs. STANCILL?

Mrs. STANCILL. I do not know that. The huckster wagons pass our door very often. For instance, I have been able to buy potatoes from the hucksters at 60 to 75 cents a bushel cheaper than I could get them from the stores.

Chairman BALL. Is the produce that they have apparently fresh and good when they are selling it cheaply?

Mrs. STANCILL. Yes; I have found it so, very satisfactory.

Senator CAPPER. How about clothing and shoes? What is your experience along those lines?

Mrs. STANCILL. Shoes, of course, have been much higher, and clothing too, in proportion, than we have ever had to pay before.

Senator CAPPER. Do you hear any complaint along that line from other people?

Mrs. STANCILL. Yes, sir. Of course, clothing is higher, but I think the food prices are the most important. Clothing prices are something that we can curtail according to our desires, but food prices are something that we must pay.

Senator CAPPER. How about rents in your neighborhood?

Mrs. STANCILL. I think rents are generally higher. We have no roomers in our home. Those around us do.

STATEMENT OF MRS. W. A. SHELTON.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give us your full name.

Mrs. SHELTON. Mrs. W. A. Shelton; Chevy Chase, D. C.

I want to state that I do not believe it is the farmers who get the big profits. For instance, we have a connection with a little parcel post delivery woman, and she said she would be glad to deliver me things by parcels post; so we have been getting those things through her by parcels post. Last week, for instance, I got fairly good cooking apples—nothing extra—for 60 cents for a half bushel.

Mr. MILLER. What did it cost to deliver them?

Mrs. SHELTON. Five cents a pound for the first pound, and a cent a pound for every pound afterwards. We usually try to get fairly large quantities. A neighbor of mine told me this morning she was getting very good apples at the market at reasonable prices. I do not trade with the Chevy Chase merchants, because their prices are too high. We come to the city to do our trading. So I called up this man from whom this neighbor had bought her apples, and he said his apples were \$1.25 for a half bushel.

Chairman BALL. You were paying 60 cents?

Mrs. SHELTON. I was paying 60 cents from this woman.

Senator DIAL. How do they come?

Mrs. SHELTON. They are sent in these little corrugated boxes. I tried to get berries and eggs, but it was not very satisfactory. You can not get the berries very well; but she can send carrots and onions, large bunches of onions for a nickel and large bunches of carrots for a nickel; we pay much more than that on the market. She has said several times she would sell me corn very reasonably. I believe it was 20 cents a dozen. But I do not like corn. I am not an extravagant housewife, but I do not like corn that is two or three days old; and sometimes it is two or three days old when we get it. Those luxuries that we can get along without, I do not buy that way.

Talking about meats: We do buy occasionally from our Chevy Chase merchants; we are compelled to. So the other evening I dropped in and asked how much his bacon was, and he said it was 65 cents a pound. I said, "What does it cost you?" He said, "This costs us 57 cents, wholesale." So, of course, we paid it. I noticed down at the Center Market bacon was selling at 55 cents that same day.

Speaking of cheaper cuts, I have asked our merchant for the cheaper cuts of meat, stew meat. They said, "We have not anything but the end of the round," and you pay 50 cents for that. Then I said, "I will buy the best cuts; if I have got to pay 50 cents I think I will have the best."

Soaps have advanced remarkably rapidly within the past few weeks. I asked my grocerman and he said it had advanced almost 50 per cent, and the soap we were getting at 6 cents a few weeks ago is 9 cents now. I said, "Is it going still higher?" He said, "Yes." I said, "I will lay in a supply, then."

We paid 12 cents a pound for sugar at a little grocery store on Columbia Road and Eighteenth. I called up my grocery man and told him I would like to have some chicken feed and asked him how much it was. I had been paying \$1.25 for it, per 100 pounds. He said, "It had advanced now." He said, "It is \$5 a hundred, and we are going up more still." I said, "I will call up some downtown merchants and see if they do not have it a little cheaper."

They said they could sell it for \$4.50, so, of course, I bought it of them.

Senator DIAL. Delivered?

Mrs. SHELTON. Yes, sir. If we get it in large quantities they deliver it.

My husband works at the Interstate Commerce Commission, and they have a little cooperative club down there, and when they kept

saying, "Everybody buy coal," he said, "Let us get in the club and buy a carload of coal." So he called up every dealer he could find in the city and they said, "No; we don't sell it to individuals, we sell to the retailer." He said, "Isn't there a man in the city that will sell us a carload of coal?" He said, "No; there is none here, but you call up a Baltimore firm and I think they will sell it to you." We did and they said, "No; we don't sell it to individuals that way or to clubs. We will sell to retail dealers."

As I said, I live in Chevy Chase in a district where we can not get any gas. We have asked them why, and they said the pipes were too high—"You will have to use coal oil." During the war we paid 12 cents, and in January these oil people said, "Our oil has advanced and now we are going to charge 14 cents." There was nothing to do but pay it. A few weeks ago they said, "It has gone up to 15. So we paid that. A few weeks later they said it was 16, and the last week it was 17. We had to lay in a supply.

Senator DIAL. You will have to strike!

Mrs. SHELTON. Yes; and then maybe they will put in gas for us.

We are paying 70 cents a dozen for fresh eggs out there.

We are paying 17 cents a quart for milk. It is an exorbitant price and a very poor quality of milk.

Senator CAPPER. From a farmer?

Mrs. SHELTON. We get it from Wise's dairy, because it is delivered at our door. They say, "You are a little extravagant. Buy the pasteurized milk." I said, "No, I think your raw milk is poor enough. I can not use pasteurized as long as I can get any that I can drink at all."

I asked about whipped cream. I used to pay 12 cents a quart for milk and you could take the top off and it would whip. I wanted some cream to whip, and when I got it it would not whip. I called them up about it and they said, "The whipping cream is 44 cents a pint. You did not buy whipping cream; you only paid 32 cents a pint." I said, "We will do without whipping cream any more."

They are delivering us ice out there, and we are trying to economize on it. We only asked them to bring it out four times a week and they are bringing snow ice now. I asked the man why, and he said, "We can't get any other kind." I said, "We are paying you 40 cents a hundred for snow ice. It is not nearly so good as the other." I said, "What do you pay?" He said, "We pay 35 cents to the dealers." Well, I did not think that was such an exorbitant price for it is quite a distance out, but I do think somebody must be making some money for some ice. It is not us. We are economizing.

If anybody would like to ask any questions, I will be glad to answer them.

Mr. MURPHY. Would it interrupt you, Mrs. Shelton, to ask if you have heard any rumors of prices being controlled in the District of Columbia in any way?

Mrs. SHELTON. No, sir; I do not know anything about that.

Mr. MURPHY. You have heard no discussion among the housewives or among the hucksters or farmers that you have dealt with as to that?

Mrs. SHELTON. No, sir; not at all.

STATEMENT OF MRS. E. B. BAGBY.

The witness was duly sworn by Chairman Ball.

Mr. MILLER. What is your full name and your address?

Mrs. BAGBY. Mrs. E. B. Bagby; 1658 Park Road.

Mr. MILLER. Mrs. Bagby, do you prefer to make a statement, as the other two ladies have?

Mrs. BAGBY. No; I do not think I have anything I can add to their testimony. I have had about the same experience. I know that it costs a great deal to live this year; more than it did last year. I know my husband's salary is the same, and I know we are not doing the same things this year that we did last year.

Mr. MILLER. Did you notice a tendency of the meat prices to drop after the committee opened its investigation?

Mrs. BAGBY. No, I think not. I went to the market not very long ago and they told me beef had gone down 5 cents a pound; but on Saturday I did not buy any meat, and I really do not know whether the prices were the same on Saturday or not. I bought a chicken on Saturday—

Mr. MILLER. What reason have they given you?

Mrs. BAGBY. They said the investigation had made meat drop. They were afraid that you were going to get after them.

Mr. MILLER. Do you find it impossible to obtain the cheaper cuts of meat from the meat dealers?

Mrs. BAGBY. No; I do not. I have not been able to get them. We think it is better, sometimes, to buy the better cuts, as they cost about the same. We get the better cuts of meats, generally.

Mr. MILLER. What does round steak cost, for instance?

Mrs. BAGBY. This morning I paid 50 cents a pound for hamburger.

Mr. MILLER. That is considered a perfectly wholesome piece of meat, but of a cheaper grade?

Mrs. BAGBY. Yes, sir. I got hamburger this morning and paid 50 cents a pound for it.

Mr. MILLER. How far back do you recall that you could get it for 25 cents a pound?

Mrs. BAGBY. I really do not know, but not so very long ago. It was not last year, but before that I think we did.

Mr. MILLER. More people are buying round steaks now than before. Do you think that has caused the price of that particular cut to go up?

Mrs. BAGBY. I do not think so. I suppose, of course, that some people are getting more money and are getting more things, but I do not think there is enough to cause it to raise that much.

Mr. MILLER. I do not care to bring out any more points unless the committee has some questions to ask.

Senator DIAL. Why do you not use more fish?

Mrs. BAGBY. We did use a great deal of fish last year, when we were asked to use fish. My family are not very fond of fish, I am sorry to say. but we used a great deal last year. But fish are not cheap.

Senator DIAL. I was going to ask whether they are cheaper in proportion.

Mrs. BAGBY. Not much; no. Fish went up like everything. Salmon and all the canned fish went up. I went to a market that is

supposed to be cheap, the other day, and bought some fish, and we could not put them on the table and could not eat them.

Senator DIAL. What are you paying now?

Mrs. BAGBY. I really do not know about the fish. I have not bought any just lately.

Senator DIAL. If the cheaper cuts of meat were available, would they be freely purchased?

Mrs. BAGBY. I think so. You can not even buy bone to make soup that is reasonable. You used to buy a soup bone for 10 cents and make a nice lot of soup. You have to pay 25 or 30 cents for soup bone now.

Chairman BALL. You can not buy the neck pieces?

Mrs. BAGBY. No, sir.

Mr. MILLER. Is that because the retailer can get more for his bones?

Mrs. BAGBY. I think so. Everything has gone up, and the bones went up with the rest.

Senator SHEPPARD. What do you suppose they do with those cheaper pieces, Mrs. Bagby?

Mrs. BAGBY. I do not know; I can not imagine, unless they grind them up —

Senator SHEPPARD. And make sausage?

Mrs. BAGBY. Sausage, maybe.

Chairman BALL. Or hamburger?

Mrs. BAGBY. They use that some, yes. But I always buy it after they grind it. Some of the places I know they do it; you buy it ready ground.

Senator DIAL. You paid 50 cents for hamburger after it was ground?

Mrs. BAGBY. No sir, I bought my piece of meat and they ground it for me. That was round steak.

Senator SHEPPARD. Do they generally trim a steak before they weigh it or after they weigh it?

Mrs. BAGBY. If I ask him to do his very best he will once in a while trim it for me, but if I do not make that request, I notice he does not do it. He will take off a little bit of bone, and say, "Do you see what I have done for you? I have taken off that little piece of bone." "Yes, but you have not done enough. Take that off, too. I cannot do it, to save my life."

Senator SHEPPARD. What percentage of the meat, after you buy it is really bone that you can not use? A good deal of it, as a rule?

Mrs. BAGBY. As a rule, yes sir. When I buy a rib roast of beef I get the man to give me the bone, and I make soup out of it, and save the waste in that way. But if I did not ask for the bones they would be thrown out, of course.

Chairman BALL. This concludes the hearing for to-day. To-morrow we will have the producers, wholesalers, and retailers, and testimony with reference to dairy products, milk, butter, and eggs. On Monday we hope to be able to start in on rents. We will devote a part of the week to the rent proposition.

(Whereupon, at 3.55 o'clock p. m., the committee adjourned until to-morrow, Tuesday, August 19, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA

HEARING

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

S. RES. 150

**DIRECTING THE COMMITTEE ON THE DISTRICT OF COLUMBIA
TO MAKE INVESTIGATION OF PRICES, RENTS, AND RE-
LATED SUBJECTS IN THE DISTRICT OF COLUMBIA**

PART 5

Printed for the use of the Committee on the District of Columbia



**WASHINGTON
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1919**

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HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

TUESDAY, AUGUST 19, 1919.

**UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON THE
DISTRICT OF COLUMBIA,
Washington, D. C.**

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, and Dial.

Present, also: Mr. Thomas W. Miller.

Chairman BALL. The committee will come to order. Is Mr. Hine here?

Mr. HINE. Yes, sir.

TESTIMONY OF MR. M. J. HINE.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Senator, we expected to have Mr. Hine to-morrow, but due to the fact that he has stayed over to be heard by the committee and has to go out of town we are hearing him a little bit out of turn. He deals in butter, eggs, cheese, and butterine.

Mr. Hine, I want you to give us the source of the products that you deal in.

Mr. HINE. The source?

Mr. MILLER. Yes.

Mr. HINE. We buy most of them on the Chicago market. We get some from Wisconsin, from the Farmers' Mutual Cooperative Creamery Co., and from Independence, Iowa. Those are our butter shippers. As to our cheese shipments, we buy from local drummers here, handling New York State cheese and western cheese—some from the western houses.

Mr. MILLER. How is that shipped in here?

Mr. HINE. By freight; all of it comes by freight.

Mr. MILLER. In refrigerator cars?

Mr. HINE. Yes, sir. I do not know about the cheese; the cheese may not, but the butter does.

Mr. MILLER. Does it come in carload lots to you?

Mr. HINE. It comes in lots of 25 tubs, 50 tubs, 100 tubs, 75 tubs.

Mr. MILLER. Are you in business for yourself?

Mr. HINE. It is a corporation, the National City Dairy Co. (Inc.).

Mr. MILLER. What is the capital stock of that company?

Mr. HINE. \$50,000.

Mr. MILLER. How long has it been incorporated?

Mr. HINE. I think around possibly 21 years, approximately.

Mr. MILLER. What was the capital stock of the original corporation?

Mr. HINE. It was incorporated originally at \$100,000.

Mr. MILLER. When was it reduced?

Mr. HINE. In 1917, I think it was.

Mr. MILLER. What were the profits last year? Before you start on that, let me see the paper that you have, please.

[After inspecting the same.] You are submitting this as an exhibit?

Mr. HINE. Yes, sir. You may not understand all the stuff that is on there. I will have to explain that to you if you wanted it submitted, because I do not know whether you would understand it or not.

Mr. MILLER. At this point you submit a list showing your volume of business, your expenses, and earnings for the years 1915 to 1918, inclusive?

Mr. HINE. Yes, sir.

Mr. MILLER. We will put it in at this point as Exhibit A.

(The statement referred to, marked "Exhibit A," is as follows:)

	Volume.	Expense.	Earnings.	Per cent.
1914.....	\$179,540.49	\$28,582.90	\$4,906.43	27
1915.....	183,808.35	19,909.95	2,887.88	16
1916.....	220,137.36	27,112.43	12,250.34	5
1917.....	228,341.66	17,756.74	8,868.06	3
1918.....	509,317.20	24,536.57	15,411.57	3

Cost of eggs in storage.

	Cents
1914.....	30
1915.....	19
1916.....	21 to 23
1917.....	27 to 29
1918.....	38 to 39

Cost of butter in storage.

	Cents
1914.....	26
1915.....	26½
1916.....	27 to 29
1917.....	30

Average dividend on eggs and butter, 5.9 per cent.

Mr. HINE. Last year our net earnings were \$15,411.57—about 3 per cent on our volume.

Mr. MILLER. What was your volume of business?

Mr. HINE. \$509,317.20.

Mr. MILLER. For 1918?

Mr. HINE. Yes, sir.

Mr. MILLER. Now, for 1917?

Mr. HINE. In 1917 our net profit was \$8,868.06. The volume was \$228,341.66.

In 1916 our profits were \$12,250.34. Our volume was \$220,137.36.

Chairman BALL. How do you account for the increased profits with practically no increase in the volume of business?

Mr. HINE. Our volume in 1918 increased a little over—

Chairman BALL. I know it did in 1918, but in 1917 it was about the same as it was in 1918, and yet in 1916 your profits were greater. Is that right?

Mr. HINE. Yes, sir. The only way I can account for it is that we had more speculative goods on hand.

Chairman BALL. What do you call speculative goods?

Mr. HINE. Eggs carried in storage.

Senator CAPPER. Speaking of the increased volume of business in 1918, would not that be accounted for by the higher prices?

Mr. HINES. A great deal of it, because the market was considerably higher—from 30 to 50 per cent higher.

Chairman BALL. Was there not an increase in the volume of business?

Mr. HINE. There was a normal increase in volume, but not enough to signify the difference. The difference in price had a great deal to do with the volume.

Chairman BALL. Part of that increase in volume as represented by dollars and cents does not represent the increase in the actual volume of business, but the increase in price makes the volume in dollars and cents greater?

Mr. HINE. Yes, sir.

Senator CAPPER. Your profits in 1917 were \$8,000, and in 1918 they were \$15,000. That would about take care of your war tax and the tax on excess profits, and so on, so that your profits would be just about the same as they were a year ago?

Mr. HINE. The profits in 1918 will not be much over 1917, considering the excess-profit tax.

Senator CAPPER. So really, as a matter of fact, the war taxes are passed on to the man that you are dealing with—the consumer?

Mr. HINE. Yes, sir.

Mr. MILLER. Will you give the Committee your 1915 figure?

Mr. HINE. The profit was \$2,887.88. The volume was \$189,808.35.

Mr. MILLER. 1914?

Mr. HINE. The profit was \$4,905.43. The volume was \$179,540.49.

Mr. MILLER. That is as far back as your figures go?

Mr. HINE. That is as far as I brought the figures with me.

Mr. MILLER. You will admit, Mr. Hine, that those figures which you have given, showing your volume of business and your profits, arouse some rather interesting queries. You stated to the Senator a few minutes ago that it is because you did a larger speculative business at that particular time.

Mr. HINE. No, sir; I did not say we did a larger one. Perhaps we may have had more in storage.

Mr. MILLER. More of a speculative market?

Mr. HINE. Yes, sir.

Mr. MILLER. You deal in four products—butter, eggs, cheese, and butterine?

Mr. HINE. Yes, sir.

Mr. MILLER. What of those four products are of a speculative nature?

Mr. HINE. Butter and eggs, and occasionally cheese. We very seldom carry much cheese, however.

Mr. MILLER. When you get these products in from outside producers do you sell on a commission basis or do you pay for them and get a straight price?

Mr. HINE. Straight price basis.

Mr. MILLER. In other words, if you did not have the storage facilities to store these eggs you would never be able to profit by the speculative market in them?

Mr. HINE. We would not be able to carry them.

Mr. MILLER. Have you figures there from which you can give us the price—

Chairman BALL. Before you get to the price, let us bring out this point clearly: Do you have your own cold-storage facilities?

Mr. HINE. We have a small storage plant for our immediate needs.

Chairman BALL. You carry a good deal of your own eggs and butter?

Mr. HINE. No, sir; our current business is carried in our own storage. We have only got a small storage here. We have been storing our butter and eggs in Chicago and in the Washington Terminal.

Mr. MILLER. To go back to 1914, you say you did \$179,000 worth of business and you had \$4,900 of profit. The next year you did \$10,000 more volume of business and yet you had almost 50 per cent less profit?

Mr. HINE. Yes, sir.

Mr. MILLER. Tell us in detail about the conditions in 1914 that made that difference, from 1915.

Mr. HINE. I do not remember exactly the 1915 figures, but my recollection is that we lost considerable on eggs in 1915. I do not remember anything about 1914 that was anything abnormal, but along in one of those years we lost considerable on eggs.

Mr. MILLER. You mean to say that in 1914 you probably—

Mr. HINE. Made a normal profit.

Mr. MILLER. Made a normal profit, but in 1915 you were probably stuck with some eggs on your hands?

Mr. HINE. I think that was the condition that existed.

Mr. MILLER. From your testimony, it really appears that if there is some trouble in the matter of speculation in eggs the public has to pay for it?

Mr. HINE. No, not exactly. Oftentimes I can buy eggs in the Chicago market—storage eggs—and make more out of them than if we stored them ourselves. That is the condition we figure on this year. We have no butter and eggs in storage this year at all.

Mr. MILLER. But right here, on the face of it, Mr. Hine, as you read these figures, it would occur to everybody that heard them that that was the case, and the Senator immediately broke in to ask you about the great discrepancy, and you answered right away that it was due to your having had better luck in speculation in eggs.

Mr. HINE. On eggs; yes, sir.

Mr. MILLER. In other words, that speculation probably made living costs more for people who had to have eggs as a diet, did it not?

Mr. HINE. Perhaps at that time; but it equalized matters. If those eggs had been consumed early in the year they perhaps would not have had any at the time we sold these eggs.

Chairman BALL. What is the difference in price between fresh eggs and cold-storage eggs?

Mr. HINE. At present?

Chairman BALL. At present, yes.

Mr. HINE. I am not exactly familiar with cold-storage eggs, because we have not handled any this year. I think the market is around 43 to 46 or possibly 48 cents.

Chairman BALL. What is the price on fresh eggs?

Mr. HINE. 51 to 53 cents.

Chairman BALL. No more than that at present?

Mr. HINE. No more than that at present; I do not think so.

Mr. MILLER. Do the Senators want to bring out any more points about these figures at this time?

Chairman BALL. No; I think that evidence brings it out all right.

Mr. MILLER. Do you maintain a delivery service?

Mr. HINE. Yes, sir.

Mr. MILLER. How much of your trade is dependent upon that delivery service?

Mr. HINE. I should say 85 per cent of it.

Mr. MILLER. If you did not have that delivery service, then you would probably lose a good proportion of your trade?

Mr. HINE. I presume we would if others did.

Mr. MILLER. What does the delivery service cost you per year, roughly speaking?

Mr. HINE. I have not those exact figures. I judge it costs us, without the salary of the men, from \$50 to \$75 a month a car. We have two cars on the street.

Mr. MILLER. For the delivery service, exclusive of the wages of the men that drive?

Mr. HINE. Yes, sir.

Mr. MILLER. How many employees have you?

Mr. HINE. You mean on the——

Mr. MILLER. In the National City Dairy Co.?

Mr. HINE. Nine.

Mr. MILLER. What is your total weekly pay roll?

Mr. HINE. I am not considering the officers in that, just the employees. It runs around \$175 to \$200 a week.

Chairman BALL. What has been the increase in their wages? I do not mean in the total, but per man.

Mr. HINE. We have got a butter wrapper working for us who simply wraps butter in 1-pound parcels and puts it in a carton and prints it. We are paying him \$30 a week.

Chairman BALL. What did you pay him in 1915?

Mr. HINE. I think we paid him around \$15 or \$18 a week.

Chairman BALL. The cost of doing business, then, has about doubled?

Mr. HINE. I would not say quite doubled; no. It is around about 60 or 75 per cent, anyway.

Chairman BALL. Has there been any increase in your rent, or do you own your establishment?

Mr. HINE. We rent. We have paid the same flat rent for some years.

Chairman BALL. The rent is the same?

Mr. HINE. Yes, sir.

Chairman BALL. Then your overhead charges would not be doubled?

Mr. HINE. No, sir.

Chairman BALL. While your wages would be——

Mr. HINE. About 75 per cent.

Chairman BALL. Considering that there has been no increase in rent?

Mr. HINE. Yes, sir.

Chairman BALL. You think it is 75 per cent?

Mr. HINE. I think that would cover it.

Chairman BALL. We want to find out if we can what is the increased cost of doing business.

Mr. HINE. We have not paid any increased rent. Of course, there are other increases besides salaries.

Senator DIAL. Have you increased the wages any this year?

Mr. HINE. This year?

Senator DIAL. Yes; for the same men, I mean.

Mr. HINE. I do not think we have in 1919.

Mr. MILLER. The committee would like to go back again to the figures.

I notice that in 1915 your volume of business was \$189,000, and your volume of business in 1916 was \$220,000. In 1915 your earnings were \$2,887, and in 1916 your earnings were \$12,250. There is an increase of \$41,000 in your business and an increase of \$9,263 in your profits.

Mr. HINE. Perhaps we had no losses that year; I do not recollect.

Mr. MILLER. Do you mean to tell the committee that your great variation there in your profits was due to the good speculative market that you had in eggs and butter?

Mr. HINE. Absolutely.

Mr. MILLER. Who pays for the speculative market in the end?

Mr. HINE. We pay for it at some ends. At some ends the consumer pays for it.

Mr. MILLER. You can probably remember, on account of the very impressive figures, the times when you cleaned up on eggs. Can you tell us whether you were holding those eggs for a great length of time for the price to go up so that you could get a good speculative market?

Mr. HINE. No, sir; we always try to dispose of the eggs before the first of the year, around the 1st of January. The year we lost them we held them until afterwards because we were losing money on them right along.

Mr. MILLER. What is the oldest egg that you sell to your customers?

Mr. HINE. A storage egg is considered worthless if it is in more than nine months. About nine months is the life of a storage egg.

Mr. MILLER. It is kept at what temperature the whole time?

Mr. HINE. A trifle above freezing, about 32 and a fraction or 33.

Mr. MILLER. I think I have brought out all I wanted to from this witness, unless the Senators have something more.

Senator CAPPER. Are you the largest dealers in eggs here?

Mr. HINE. I do not think we are. I think Golden & Co. handle more stuff than we do.

Senator CAPPER. Is the egg supply in this city controlled by a comparatively small number of dealers? About how many probably handle the bulk of the eggs here?

Mr. HINE. Those that handle butter and eggs alone are Golden, Oyster, and ourselves. I think we three handle perhaps more than any others, with the exception of Armour and Swift. The western houses sell in carload lots.

Senator CAPPER. For the last two years the egg business has been very profitable, has it not?

Mr. HINE. We have not had so many eggs in storage in the last two years. We only got six or seven cars last year. We had no butter in storage last year.

Senator CAPPER. Has there ever been what you would call a corner on eggs here?

Mr. HINE. I do not recall any. I have been here some years, about 15 years.

Senator CAPPER. There has been in Chicago, but not in the last year or two?

Mr. HINE. No; not in the last year or two. There has not been any in Washington that I know of. I do not think anybody has tried to corner the Washington market.

Chairman BALL. You keep your cold-storage eggs—where did you say, in Chicago?

Mr. HINE. We keep them in one of the cold-storage houses in Chicago, or down at the Washington Market Co.'s storage plant at Eleventh and Water Streets.

Chairman BALL. Do you think the packers control the price of eggs?

Mr. HINE. The packer has more control than the broker. We would rather buy from a broker than from the packers.

Chairman BALL. You think they can, through their cold storage, create a demand that would force the price of eggs up, and you think they do that?

Mr. HINE. I am hardly able to commit myself on that, because I do not know. I spent seven or eight years with Swift & Co., but I am hardly familiar enough with it to say that they do. I am ready to believe—

Chairman BALL. I can easily see how it could be done.

Mr. HINE. Yes, sir; I can see, also.

Chairman BALL. It is one of the food products, and of course it is very important for us to decide whether the law of supply and demand is interfered with.

Mr. HINE. They probably control the egg and butter market if they want to. They can do it.

Chairman BALL. They practically control the immediate supply of both, do you think?

Mr. HINE. If they want to do it. That is my opinion of it. I do not know. I have been away from Swift & Co. for 15 years. I spent some time 15 years ago with them. It has been 15 years since I left them.

Chairman BALL. Can they control the supply of fresh eggs, too? I suppose they could by putting them in cold storage. That would be the only way, would it not?

Mr. HINE. That would be the only way.

Mr. HINE. Yes, sir.

Chairman BALL. Then your overhead charges doubled?

Mr. HINE. No, sir.

Chairman BALL. While your wages would be—

Mr. HINE. About 75 per cent.

Chairman BALL. Considering that there has been an increase in rent?

Mr. HINE. Yes, sir.

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Chairman BALL. We want to find out if there has been an increased cost of doing business.

Mr. HINE. We have not paid any increase in salaries. There are other increases besides salaries.

Senator DIAL. Have you increased the wages?

Mr. HINE. This year?

Senator DIAL. Yes; for the same men.

Mr. HINE. I do not think we have in 1916.

Mr. MILLER. The committee would like to see your figures.

I notice that in 1915 your volume of business was \$2,887, and in 1916 your earnings were \$2,887, and in 1916 your earnings were \$41,000 in your business—your profits.

Mr. HINE. Perhaps we had no losses.

Mr. MILLER. Do you mean to tell me there is no variation there in your profits was a variation that you had in eggs and butter?

Mr. HINE. Absolutely.

Mr. MILLER. Who pays for the shipping?

Mr. HINE. We pay for it at source. The consumer pays for it.

Mr. MILLER. You can probably give me very impressive figures, the times when you tell us whether you were holding out of time for the price to go up so much in a tight market?

Mr. HINE. No, sir; we always have a surplus of eggs in the first of the year, around the 1st of January. We held them until afterwards, and then they went right along.

Mr. MILLER. What is the surplus?

Mr. HINE. A storage egg surplus. About nine months.

Mr. MILLER. It is kept at home?

Mr. HINE. A trifle above home.

Mr. MILLER. I think I will not witness, unless the Senate

Senator CAPPER. Are you going to sell?

Mr. HINE. I do not think we have more stuff than we do.

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Chairman BALL. Do they have their own storage?

Mr. HINE. The commission men generally do not have their own storage and very seldom carry their own eggs. If you want a price on a carload of eggs, we wire the house in Chicago—

Chairman BALL. But the point I am trying to bring out now is whether cold storage is controlled in the West by the large packers. If the cold-storage people control the eggs, then they control the price that all must pay, and they would apparently fix the price that the commission men would have to charge?

Mr. HINE. That would be true, but I am unable to say whether they absolutely control it or not. I could not commit myself on that.

I have a little booklet here that is gotten out by a Chicago concern, which gives prices for the last 10 years back and the amounts in storage; that might be interesting.

Chairman BALL. Have you that to leave with the committee?

Mr. HINE. Yes, sir; I would like to have it back, however, after it has served its purpose.

Chairman BALL. Probably you can get into the record all you want about the prices by going back, say, five years.

Mr. HINE. There is a lot of information in there if you want to look at it. It might be of some value to the committee. It is the only copy I have; I would like to have it back for my own benefit.

Chairman BALL. In 1914 the amount of butter in cold storage was 2,539,232 tubs. The range of prices was 24 cents to 35½ cents.

In 1915 there were 3,005,064 tubs, and the range of prices was 24 to 34 cents.

In 1916 there were 2,827,390 tubs, and the range of prices was 27½ to 42 cents.

In 1917 there were 2,817,969 tubs, and the range of prices was 36 to 49 cents.

In 1918 there were 2,398,692 tubs, and the range of prices was 40 to 67½ cents.

Senator DIAL. Has the local supply increased or decreased?

Mr. HINE. Decreased; that is, the Chicago market only, there, Mr. Chairman.

Chairman BALL. It does not seem to give the total amount. What I wanted was the total amount stored each year.

Mr. HINE. It gives it by months, but it does not give the total by years.

Chairman BALL. We are afraid to take those figures; we would have to study them out very carefully.

Are there any further questions?

Mr. MILLER. I have no further questions.

Senator CAPPER. Do you sell principally to the retailers here in town?

Mr. HINE. Retailers, institutions, and hotels.

Senator CAPPER. I believe you said you had bought some of your eggs at least from brokers?

Mr. HINE. Yes, sir.

Senator CAPPER. In Chicago?

Mr. HINE. Chicago; yes.

Senator CAPPER. Who does the broker buy from up there?

Mr. HINE. I do not know who he buys from. He may buy from the shipper direct.

Senator CAPPER. Have the brokers any connection with the packing companies?

Mr. HINE. Not that I know of. They may buy from the packers.

Senator CAPPER. The broker keeps his eggs in cold storage in Chicago?

Mr. HINE. Not necessarily so. He may buy them direct and have them shipped on to us.

Senator CAPPER. He buys out in the country?

Mr. HINE. Either in the country or from some storage company; whoever he can get them from.

Senator CAPPER. In Chicago?

Mr. HINE. Yes, sir.

Senator CAPPER. The Chicago man buys back in Iowa or Illinois somewhere from another commission man?

Mr. HINE. From some shipper, most likely from a shipper.

Senator CAPPER. The shipper probably buys from a local dealer in a country town, and the country town man buys from the farmer?

Mr. HINE. Yes, sir.

Senator CAPPER. So there are a half dozen that get a rake-off between the producer and the consumer?

Mr. HINE. That may be true, but then, again, we have had eggs come directly through a commission merchant from Chicago through the broker.

Senator CAPPER. Which simply cuts out the storage man in Chicago?

Mr. HINE. Yes, sir.

Senator CAPPER. But it seems to me there are at least five or six middlemen in there who come in for a slice of the price.

Mr. HINE. I can not say how many there are between us before it comes to the broker; I do not know.

Senator CAPPER. As near as I can figure it out, it would be five at least. The chances are that when the sold-storage man gets his rake-off on that there would be six.

Mr. HINE. If there is anything else that you should want from this company I will be out of the city from the 3d or 4th of September.

Mr. MILLER. Will you let me have that pamphlet? I will see that you get it back.

Mr. HINE. Certainly.

TESTIMONY OF MR. HERMAN E. GASCH.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name, your place of business, and the name of your company.

Mr. GASCH. Herman E. Gasch; Bellevue Dairy Farms Co., Hyattsville, Md., and 1726 New York Avenue.

Mr. MILLER. Are you incorporated?

Mr. GASCH. Yes, sir.

Mr. MILLER. For how much?

Mr. GASCH. \$40,000.

Mr. MILLER. How long have you been incorporated?

Mr. GASCH. Since 1916, January 1.

Mr. MILLER. Before that, did you do business as an unincorporated association?

Mr. GASCH. Our predecessors did.

Mr. MILLER. Was your capital cash paid in?

Mr. GASCH. Yes, sir.

Senator DIAL. Fully paid?

Mr. MILLER. The Senator desires to know whether it was fully paid.

Mr. GASCH. Yes, sir.

Mr. MILLER. What do you deal in, Mr. Gasch?

Mr. GASCH. Milk.

Mr. MILLER. Milk alone?

Mr. GASCH. Vegetables. Ours is rather a movable feast. We started in purely as a milk question, to begin with, and now we have gone into the production of other things.

Mr. MILLER. It is more particularly on the subject of milk that the committee wants to examine you to-day. What is the volume of your milk business? How many gallons do you buy and sell each day?

Mr. GASCH. We buy none. We produce and sell, now, about 200 gallons a day.

Mr. MILLER. You raise your own produce, you say?

Mr. GASCH. All of it.

Mr. MILLER. You have your own dairy herd?

Mr. GASCH. Yes, sir.

Mr. MILLER. Where is your dairy herd?

Mr. GASCH. Near Hyattsville, Md.

Mr. MILLER. How many animals are there in it?

Mr. GASCH. I would rather give you the number of milch cows in actual service. We have worked down to about 50.

Mr. MILLER. You sell, then, directly to the consumer?

Mr. GASCH. No. We sell this way: First, we found we could not get along very well under conditions as they stood. There was no market for a first-class product as we could see it. The milk situation here is not intelligently dealt with. Milk is not graded. There is a minimum grade of milk and a price for a minimum grade of milk to the producer, with a movable scale for increase in butter fats, over and above the legal minimum.

Mr. MILLER. What is the legal minimum— $3\frac{1}{2}$ per cent?

Mr. GASCH. 3.5. There is an increase to be paid for the conditions under which the product is gathered, and your consumer has got to get his goods more or less dependent upon the reputation of the dispenser.

It was my thought that in coming before this committee I would be able to say something upon the absolute need, first, of grading milk in the District of Columbia, so that the consumer would know what he was getting.

Mr. MILLER. As it is now, it is up to the individual honesty of the people he deals with?

Mr. GASCH. And the good fortune of the man in making his selection. Of course, we have a health officer here who performs his duties as well as he can with the force at his command.

Mr. MILLER. I think you have brought out that point very well. We have a number of others to hear from, so I am going to ask you some other questions unless you want to add a little bit to that.

Mr. GASCH. I can only hope that this committee will see the force of that point, that the city of Washington should be counted among other cities in the fortune of having a law that would require so very important a food product as milk to be graded in order to show what you are getting.

Senator DIAL. What does the health officer do in respect to milk?

Mr. GASCH. He requires that the dispenser shall sell milk at 3.5 per cent butter fat and of a given number of bacteria content per cubic centimeter.

Senator DIAL. How often is it tested?

Mr. GASCH. It is tested by the usual centrifugal method of determining butter fats and by your bacteria counts, by microscope. There is a gentleman here who is one of the best in the District of Columbia, well known throughout the country—Dr. Weld, who can give you the formula particularly.

Chairman BALL. Does not the District of Columbia have a very strict law as to the sanitary conditions of the houses and the methods of taking care of milk before it is shipped?

Mr. GASCH. A minimum. You have a minimum grade or quality per butter fat and quality per number of bacteria per cubic centimeter. If you are below the butter fat, if you are above the number of bacteria per cubic centimeter, you are directed to discontinue shipments.

Chairman BALL. Yes; but you did not answer my question. Are not your buildings inspected before you can ship milk to Washington?

Mr. GASCH. That has been an occasion for a contention between the producers and the health officer. At the present time the health officer is letting down the bars somewhat. That threat is held over the legitimate producers. They let in some kinds of milk. By that you see there are sheep and goats in the fold.

Mr. MILLER. What relations do you have with the Maryland and Virginia Milk Producers' Association?

Mr. GASCH. I am a member of that association and served upon the tri-state committee of seven.

Mr. MILLER. Do they fix the prices for milk in the District of Columbia?

Mr. GASCH. They venture to get together and fix a price which they account to be minimum at which the milk can be produced and provide a living; but you must always count this in figuring on the cost of milk, that your producer who undertakes to produce milk in a merchantable way has got to compete with this type of man who does not count that his wife is entitled to a salary or that his children ought to be paid, nor that he himself has got hours of work. His hours of work are 24, commonly, because cows do not wait upon the hours; they sometimes do, relatively, upon the calendar. But there are difficulties throughout the experience of your dairyman, and his is a life of anxiety and of unabating industry. He has joined this association rather unintelligently and not as far as he ought to avail himself of such a function as a dairyman's association, because they

ought to hire a man and pay him at least \$10,000 a year and provide at least that much more for office expenses. They could do it if 1,500 producers who send into the District of Columbia in that way would get together, and it would be a real service.

Mr. MILLER. Right there, I want to ask you this: Are the price-fixing agreements written or verbal between the members?

Mr. GASCH. I can only speak for myself. The organization that I deal with, outside of our own consuming agency, asked for a contract, a written contract, and very properly so.

Senator CAPPER. A contract for what?

Mr. GASCH. For our product at a price—

Chairman BALL. Who fixes that price? You do arbitrarily, or your organization?

Mr. GASCH. Our organization does not arbitrarily fix the price. Our organization depends upon its executive committee, which, as I understand its functions—I am not upon that committee—takes the matter up with the purchasers, the wholesale purchasers of milk, the health officer of the District of Columbia, after having taken counsel with their own members, getting at the fundamentals and the cost of the production.

Chairman BALL. That is what I want to bring out, whether this price is fixed after a very thorough investigation as to the cost of that product.

Mr. GASCH. Absolutely so.

Mr. MILLER. Is it fixed for several months ahead, so to speak. In other words, is it fixed quarterly?

Mr. GASCH. I am unable to say, because I have not been following for the last year the functioning of this organization, because I have accepted the results of the organization without any question. I have been more engaged in the making of a more direct market for our produce.

Chairman BALL. During the control of the food supply this last year the price of milk was fixed by the Food Administrator for this District after a very thorough investigation made as to the cost of that product?

Mr. GASCH. I assume it was as thorough, Senator, as a man so uninformed as Mr. Wilson was could go into it.

Chairman BALL. Are your prices applicable to the price fixed this last year, which was on a scientific basis? Is your price still fixed by yourselves, now that the food administrator is not acting—

Mr. GASCH. This price, as I thought I had said previously, was a price that had been arrived at in conference with the purchasers; that is, the wholesale purchasers, the dispensers, as we know them, with the health officer.

Chairman BALL. I would like to ask you some further questions along that line.

This conference that you speak of, through the whole United States or through the East, at least, was a conference between the food administrator of that district and the milk producers and the retail milk men, and they arrived at that price generally?

Mr. GASCH. Yes, sir. I imagine it was done just exactly that way.

Chairman BALL. It is supposed to be the actual cost which the food administrator had arrived at as the cost of milk?

Mr. GASCH. Yes, sir.

Chairman BALL. I want to know whether you still take the prices, because the food administrator is not active at present, whether you fix your own wholesale prices. Your prices are higher now than they were a year ago, are they not?

Mr. GASCH. Yes, sir; the prices of food and labor are higher.

Chairman BALL. When did you advance those prices?

Mr. GASCH. I am unable to answer that question because I have not followed it carefully.

Chairman BALL. You do not know whether it was before or since the Food Administration ceased to control?

Mr. GASCH. I think that the price is somewhat lower now—than wholesale price—than it was during the time of the Food Administration. I am not very sure about that. As a matter of fact, it ought to be higher.

Senator CAPPER. You spoke of a contract being made. How long did you tie up for?

Mr. GASCH. As I remember it, it was up to the 1st of October.

Senator CAPPER. When was it made?

Mr. GASCH. Three or four months ago.

Senator CAPPER. The contract specified the price?

Mr. GASCH. Yes, sir.

Senator CAPPER. You could not change that price until October?

Mr. GASCH. No, sir.

Senator CAPPER. Regardless of what the supply might be?

Mr. GASCH. Absolutely, sir. If it was for myself, I would sell milk if it cost me ten times what I am selling it for.

Senator CAPPER. And if it cost you half, you would stick to the contract?

Mr. GASCH. Absolutely, sir. We make a business contract, and we are responsible people.

Mr. MILLER. Is it true, Mr. Gasch, that you have charged as high as 32 cents a quart for your milk recently?

Mr. GASCH. No.

Mr. MILLER. What price do you get for your milk now?

Mr. GASCH. We are selling a part of our milk at between 43 and 44 cents a gallon, selling another part of our milk for slightly less than 50 cents a gallon.

Mr. MILLER. Do I understand that you sell to the retail trade, just—

Mr. GASCH. We sell no milk at retail, yet our selling adventure I call it an adventure, because the business is such at this time, for the reason that we can not control labor, and we certainly can not control the price of concentrates that have arisen in the last three or four years and which is fundamental in the cost—

Mr. MILLER. Can an individual walk into your establishment and buy a glass of milk?

Mr. GASCH. I am very glad indeed to clear up by a general statement what appears to be in your mind.

There are two organizations, absolutely separate. I happen to be the only stockholder in the Bellevue Dairy Farms Co. who is at the same time a stockholder in the Bellevue Farms Lunch Co. that is what you have in your mind I would be very glad indeed

you that the price we obtain for the product over the counter at Bellevue Farms Lunch Room is a price which would naturally include service.

Mr. MILLER. As long as you have brought that subject up, what do you sell at the Bellevue Farms Lunch Co. in the way of milk? Do you pass it over the counter and how much do you charge for it?

Mr. GASCH. We have it in a half-pint package or bottle which is, I am pleased to tell you, somewhat individual. You can not get any other such package anywhere in the District of Columbia. The milk is taken from the cows beginning at 4 o'clock in the morning. The milk is clarified, cooled, bottled, sealed, iced, and brought to our establishment by 8.30 the same morning.

Mr. MILLER. What do you get for that half pint?

Mr. GASCH. Eight cents. That includes a glass that is clean, a paper napkin, the services of a young woman who brings it to you.

Mr. MILLER. On every gallon of milk, then, you would get \$1.28.

Mr. GASCH. Yes.

Mr. MILLER. That is probably where the story originated.

Mr. GASCH. Perhaps. We brought that same question up before Mr. Clarence Wilson at the time we were charging 10 cents for it, during his administration of the Food Administration. Mr. Wilson was so good as to listen to what I had to say about the various kinds of milk produced in the District of Columbia; and anyone who knows what it means to have an organization up every morning by 4 o'clock—I do not know whether anybody here gets up by 4 o'clock or not—them up on their toes and tending to business absolutely, knows what it means to get that kind of production.

Mr. MILLER. Do you think that the association intends to keep the price of milk higher than it ordinarily would be if the association did not exist?

Mr. GASCH. No. The association, as I see it, is just as much to the advantage of the public as it is for the good of the members of the association, per se, for the association is there for the purpose of getting its members to accept teamwork, not only in buying, but in setting the standard of quality.

Mr. MILLER. Then the way the milk business is conducted here, the Maryland and Virginia Milk Producers' Association is the one that has the control of the price, rather than the people who buy, in the absence of distribution—

Mr. GASCH. Hardly. It is the producer and the dispenser together. The dispenser is a very important factor in milk, for, I will say to you at once, it is impossible for the producer to get directly to the consumer, for the reason that milk itself, as you all doubtless know, is the most acceptable medium for bacteria known. The several bacteria become grandfathers in I do not know how many seconds. They increase by the millions in arithmetical progression. Hence, it is necessary to at once cool the milk, to pasteurize it, to ice it, and to employ several different kinds of methods for making that milk stable. You can not wait. Those of you who have gone into cow stables know how the surroundings look, how easily it would be to get colon bacilli in the milk itself. Those of you who have

even the records of the health office will know how few are a danger or successful in exciting the town bacillus.

Mr. MILLER. We will have to hurry along, Mr. Gasch. There are several questions I want to ask you, and then we will be through with you.

You have already stated your capital. Now will you tell us your net earnings were last year?

Mr. GASCH. Our net earnings were in the neighborhood of \$3,000. Mr. MILLER. How do they compare with the earnings for the years 1914 to 1917?

Mr. GASCH. We made losses in 1916 and 1917. We made loss in 1916, slightly less in 1917, and in 1918 we made about \$3,000.

Mr. MILLER. Can you give us your volume of business from 1918, inclusive, offhand?

Mr. GASCH. The volume of our business in cash for the present year you mean?

Mr. MILLER. Yes.

Mr. GASCH. Offhand, I would not be able to do so, but the volume will run somewhere from \$25,000 to \$50,000—\$40,000 about now, \$45,000, perhaps. That includes not milk alone, but other things.

Mr. MILLER. In what proportion have wages and other costs of operation increased since 1914?

Mr. GASCH. They have about doubled.

Mr. MILLER. Are there any more questions, Senator?

Chairman BALL. Do you think you cleared about \$3,000 last year?

Mr. GASCH. Yes, sir.

Chairman BALL. Did you say you were getting about 800 quarts of milk a day?

Mr. GASCH. About 200.

Chairman BALL. You said 200 gallons. I thought probably you meant the quarts instead of gallons; because if you have a dairy of 50 cows and are getting 200 gallons of milk a day and only clear \$3,000, you are the only man that probably could conduct a dairy in that way, because that would be 16 quarts a day, on average, for each cow.

Mr. GASCH. Well, sir, you are quite right. We have dealt with this thing not only intelligently, but with intensive intelligence. We are building up a herd of cows that we are very proud of, and which is accepted as one of the standards of the association.

Chairman BALL. I wanted to correct that error, because I am sure it was quarts you meant instead of gallons, because no one could produce that amount of milk.

Mr. GASCH. We are very glad to invite anybody present out here to Bellevue to see the absolute care with which we are getting our product out, and we could do a great deal more than that if we were not so very careful about it.

Chairman BALL. What has been the increased cost, owing to increased wages, in running your dairy?

Mr. GASCH. We are paying double and sometimes more than double.

Chairman BALL. In wages?

Mr. GASCH. Yes, sir.

Chairman BALL. Your food products?

Mr. GASCH. That we buy?

Chairman BALL. Yes. Have they doubled or trebled?

Mr. GASCH. In some cases they have doubled. I would say doubled would be about a fair average. Of course, we are doing this kind of thing: We are feeding our own people on our own farm.

Chairman BALL. If you keep books, you charge your corn that you raise at the market price?

Mr. GASCH. Absolutely.

Chairman BALL. And all your other produce. You figure out what your cows are costing you; you would have to take all those matters into consideration?

Mr. GASCH. Yes, sir.

Chairman BALL. I think you have a very good dairy to do as you are doing.

Mr. GASCH. It means a waiting proposition. We have covered pretty nearly four years. Any cow that does not make good—her product is weighed daily, twice—that cow has her record and we feed them all well, and she has only one way out, and that is to the abattoir.

Chairman BALL. I am inclined to make this statement, that in my judgment a very cheap price forced now for milk is going to practically prevent production.

Mr. GASCH. To prevent the production of some kinds of milk; yes.

Chairman BALL. Take my own State for example. They have sold all their dairies, from the fact that the price of milk was fixed and fixed at a figure which rendered it impossible to feed their cattle.

Mr. GASCH. They can not feed the cows, I know.

Chairman BALL. Your price of milk is 16 cents a quart; is that right?

Mr. GASCH. Retail? I do not know.

Chairman BALL. Your wholesale price is what?

Mr. GASCH. Our wholesale price is about 11 cents.

Chairman BALL. That is about 2 cents more than it was in our State.

Mr. GASCH. Senator, you will realize that bran when you were a young fellow—

Chairman BALL. Was about \$16 a ton.

Mr. GASCH. And some places they would give it to you. To-day it is \$60 a ton. Other concentrates are nearly \$75 a ton; and it is not so much a question of keeping the farmer from taking advantage of you as it is of keeping the farmer from being absolutely stripped. If you would only realize that the farmer gets up at 4 o'clock in the morning, that his wife works and his children work—that is not the kind of farm we run, but we hire people who work and who, because of the good will that we have established among our employees, are willing to work all day and all night if necessary.

Senator CAPPER. Who is the manager or executive officer of this association?

Mr. GASCH. Mr. Booker.

If it is possible I would like to say a word in general concerning a thing that has been very close to my expectation, that if the

city of Washington, having the power to do so, would do the on square thing by the producer as well as the dispenser and take over this business as a whole, it would be a very good thing. I wrote a letter to the Washington Times, and I would like to have that letter made a part of this record.

Senator CAPPER. Whom do you want to take over the business?

Mr. GASCH. The municipality or the United States Government. It does seem to me that it is inevitable. I would like to have one man who does know how to conduct this business receive a monopoly of that business and pay for it. That is the only way of dealing with this thing intelligently—one executive head, one responsible head to create and dispense this milk. To-day, I believe, it is a very respectable record for a dispenser to dispense through one wagon, one horse, one driver, about 80 gallons of milk. If there was one delivery per day, and that in the afternoon—or morning if you insist upon sticking to archaic methods of having your milk older than it ought to be when you get it—I think that, perhaps with one driver or two men on the wagon and two horses you could deliver around about a city block 800 to 1,000 gallons of milk. I would be very glad, indeed, to nominate a very efficient person——

Chairman BALL. That is not within the province of this committee.

Senator DIAL. Have you increased your wages this year?

Mr. GASCH. Yes, sir. The Bellevue Dairy Farms Co.——

Senator DIAL. You need not go into details. You pay your same employees more this year than you paid them last year?

Mr. GASCH. Yes, sir.

Senator DIAL. How many salaried men have you in your corporation—how many officials?

Mr. GASCH. Three.

Senator DIAL. What salaries do they get?

Mr. GASCH. It is almost a voluntary service, sir. I have great pleasure in saying that the three of them get \$1,500 between them.

I want to say to you that we think we are doing more or less of a public thing and we think we are doing awfully well and we have pride in it.

I am very glad, indeed, to invite this committee or anybody here to Bellevue Farms to see how this work is done and see what it takes to do it and to do it as well as we do do it.

I wish that the committee could see its way clear to do a big public service that will not only pay the present dispensers the right price but which would save the District of Columbia residents not only in health but in money the modest sum of \$1,000,000 annually.

Chairman BALL. That is not within our jurisdiction.

Mr. GASCH. I only want to commend that as something that we could very easily do.

Chairman BALL. Is Mr. Booker present?

Mr. BOOKER. Yes, sir.

TESTIMONY OF MR. YELVERTON EVANS BOOKER.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give the committee your full name.

Mr. BOOKER. Yelverton Evans Booker.

Mr. MILLER. You are the secretary of the Maryland & Virginia Milk Producers' Association?

Mr. BOOKER. Yes, sir.

Mr. MILLER. When was that association organized?

Mr. BOOKER. I may say that it was organized long before I was connected with it. Perhaps it has been in existence 10 years, or it may be longer than that. It was reorganized and perhaps enlarged in the fall of 1916, and it was at that time that I first became connected with it.

Mr. MILLER. Is it incorporated, or is it just an association?

Mr. BOOKER. No, sir; it is not incorporated.

Mr. MILLER. When did you become connected with it?

Mr. BOOKER. In the autumn of 1916—September or October, I believe.

Mr. MILLER. How many members has the association at the present time?

Mr. BOOKER. Approximately 700, I should say.

Mr. MILLER. All in the vicinity of Washington?

Mr. BOOKER. Maryland and Virginia, yes; I should say within a radius of 200 miles each way.

Mr. MILLER. What are the requirements for membership?

Mr. BOOKER. The only requirements for membership are that you be a milk producer and are complying with the regulations of the health department and shipping licensed milk, good milk.

Mr. MILLER. The requirements of the District of Columbia?

Mr. BOOKER. Yes, sir.

Mr. MILLER. You do not operate outside of Washington?

Mr. BOOKER. Yes, sir.

Mr. MILLER. I mean, is there, for instance, a branch of the Maryland and Virginia Milk Producers' Association in Baltimore?

Mr. BOOKER. No, sir. Headquarters are at Washington, if you may call it that. We have 32 directors now. They are scattered out in the counties among the producers.

Mr. MILLER. Tell us who the officers are?

Mr. BOOKER. The officers are D. A. Slaughter, of Mitchells, Va.; J. B. Diamond, jr., of Gaithersburg, Md., vice president, and myself as secretary-treasurer.

Mr. MILLER. How are the directors appointed?

Mr. BOOKER. They are elected annually at a mass meeting of the farmers or the producers.

Mr. MILLER. What committees are there within the association?

Mr. BOOKER. It is just the executive committee or board of directors, one and the same thing.

Mr. MILLER. How often is there a meeting of the committee for the entire association?

Mr. BOOKER. The entire association usually meets once a year and sometimes twice a year. Sometimes we have a spring meeting and a fall meeting. The committee meets as often as may be necessary, not more frequently than once every month or two months. I should say the committee would average about six or seven meetings a year, sometimes more.

Mr. MILLER. Does the committee fix the price of milk?

Mr. BOOKER. I would not say the committee fixes the price of milk. The committee recommends or suggests the price of milk.

Mr. MILLER. Where do they get their data for those recommendations?

Mr. BOOKER. From the producers.

Mr. MILLER. Tell us in a few words just how prices are determined by your association.

Mr. BOOKER. We try to get seven or eight, or as many as 10 or 12 representative farmers. We try to get intelligent farmers, and we sit down and try to figure intelligently. We take into consideration the labor and all the other elements that go into it and we endeavor to get the information in that way. We ask them invariably to study the figures derived by experts from the Agricultural Department, who are really the only men that can determine exactly what it costs to produce milk. I do not know any farmer who can tell what the actual cost is.

Mr. MILLER. Do you fix the price for milk ahead?

Mr. BOOKER. We recommend the price for a six months' period.

Mr. MILLER. Do the members always follow this scale of prices?

Mr. BOOKER. We endeavor to get a meeting with the dealers and the producers and try to get the dealers to agree to a contract for it.

Mr. MILLER. Is it mandatory upon the members of your association to live up to this scale of prices?

Mr. BOOKER. There is no penalty to it. We simply suggest the price and they try to get it.

Mr. MILLER. Can you give us, from the experience you have in this business, information as to whether the producers charge the same when selling in Washington as they do at near-by points in Virginia and Maryland?

Mr. BOOKER. You mean the same producers?

Mr. MILLER. Yes. You know something about the milk business—

Mr. BOOKER. I will say—

Mr. MILLER. Let me finish. Do you know whether any producers are getting more for their milk in Washington than they are in near-by localities around Washington in the two States mentioned?

Mr. BOOKER. I would say that the producers selling milk to Washington are getting slightly more than they get in Baltimore. They always have gotten slightly more. The conditions under which it is produced are different. The health regulations are not so strict in Baltimore. South of Washington the producers shipping to Lynchburg, Va., are getting 40 cents a gallon to-day, and anywhere south of Washington. You could not name a city south of Washington where the producers get more than they do in Washington.

Mr. MILLER. They get more in Washington because it is harder to produce the kind of milk that is required in Washington?

Mr. BOOKER. That is the primary reason, I should say.

Mr. MILLER. What methods are used for securing new members of your association?

Mr. BOOKER. The members of the committee in the various localities see the farmers at fairs and meet them and talk to them, and then we send out circular letters occasionally to urge them to come into the organization.

Mr. MILLER. Have you ever heard of the milk dealers in Washington complaining that the price fixed by the association was unfair?

Mr. BOOKER. I have heard some of them say so; yes, sir. Very frequently we have had dealers who would not be altogether in accord with the producers as to what the price should be.

Mr. MILLER. Can you tell us the arrangements made between the association and the Washington milk dealers and the Food Administration in Washington during the war?

Mr. BOOKER. Yes, sir; I think I recall that rather clearly.

Mr. MILLER. State it briefly to the committee, please.

Mr. BOOKER. As briefly as I can. We voluntarily went to the Food Administrator in the spring of 1917, I think it was. We were not legally bound by the Food Administrator. He had no authority to regulate the price of milk in Maryland and Virginia. He could control the price that the dealer charged in Washington for it. All the farmer wanted was a fair price for his milk, and we thought it was greatly to our advantage to allow the Food Administrator to act as arbitrator for both sides and let him say whether or not the price asked was fair. The producers are getting substantially the same that they got last summer, although the price of feed and of labor has advanced very materially since last summer.

Mr. MILLER. Have you some questions, Senator?

Chairman BALL. I have none.

Senator CAPPER. Suppose all the potato growers in this section should form an organization and agree on what the price should be for potatoes for six months; suppose all the egg producers would get together and agree on what the price of eggs should be for six months; say that all the wheat growers should agree on what the price of wheat should be for six months; and the millers should get together and say what the price of flour should be for six months; that the hog growers should agree that the price of hogs should be at a certain figure for six months, and all the rest of the producers should get together—do you think that would lower the cost of living?

Mr. BOOKER. No, sir; I do not.

Senator CAPPER. If it will not do it for the rest of them—that is, if it would not decrease the cost of living—why does it do it as to milk?

Mr. BOOKER. Perhaps it does tend to increase the cost of milk, but the producer of milk is rather peculiarly situated, I think. He is rather up against it, more or less. He must know the conditions of the market and how to deal with the local distributors, and he has no fair way to deal with them. One function of our organization is to keep them posted, try to advise them as to market conditions, and start them straight. What chance has a little farmer 300 miles away of knowing what he might get for his milk?

Senator CAPPER. I do not see that he is in any different position, so far as that goes, as to milk, as to hogs or chickens or eggs, or anything else that is produced on the farm.

Mr. BOOKER. I think there is this difference, that the dairy industry has suffered very materially in the last 10 years because the men producing milk have not got the cost of production out of it. They have not made any money out of it. In the last three or four years they have gotten more out of it than they ever did before, but milk was caught in an awful jam in 1915-16, and prices went up just like greased lightning. But a large percentage of them had to go out of business.

Senator CAPPER. I have heard some complaint from cattlemen Kansas, and also some complaint from farmers in Kansas, that in the last year or two they had lost money on every bit of wheat they had raised or every animal they had raised.

Mr. BOOKER. We have doubled. Feed has doubled. A milk producer doesn't raise his feed. He has to buy it. It costs him from \$50 to \$80 a ton now, when it was \$40 or \$45 three years ago. And he has a serious shortage of labor. The cantonments here and the railroad have taken farm labor away. That is a very serious problem in that business.

Senator DIAL. Is your membership growing?

Mr. BOOKER. Yes, sir; I should say it was.

Senator CAPPER. You have got them all in, have you not?

Mr. BOOKER. No; I would say probably 1,200 to 1,500 given shipping to Washington don't all ship to Washington. Frequently there are two names appearing for one farm, which makes it look like it.

Senator CAPPER. About what part of the milk shipped to Washington do you think goes through members of this association?

Mr. BOOKER. I have no way of getting at it closely. Roughly, I would say two-thirds of it. I think most of it.

Senator DIAL. How do you finance your membership?

Mr. BOOKER. They pay small dues—\$3 a year annual dues.

Senator DIAL. Irrespective of the quantity of business?

Mr. BOOKER. Irrespective of the quantity of business.

Senator DIAL. Do you make any effort to encourage them to raise their own feed stuff?

Mr. BOOKER. They don't need any encouragement, wherever it is practical to raise it. For a good many, it is not.

STATEMENT OF IVAN C. WELD.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your full name and your connection with this business, Mr. Weld.

Mr. WELD. My name is Ivan C. Weld, representing George L. Oyster, jr., of Connecticut Avenue.

Mr. MILLER. I notice there were two witnesses here from George L. Oyster's firm. What particular end of it do you handle?

Mr. WELD. There is really no firm. It is an individual business and we are all employees of Mr. Oyster. That part of the business which I handle relates to securing, if possible, an adequate supply but in any event a wholesome supply, of milk and cream. I am responsible to Mr. Oyster for the quality of the goods which I distributes, and, so far as possible, a sufficient amount to distribute the trade.

Mr. MILLER. What is the volume of your daily business?

Mr. WELD. I suppose at the present time we are purchasing in the vicinity of 8,000 gallons of milk daily.

Mr. MILLER. What proportion of the total milk business of Washington is that, roughly speaking?

Mr. WELD. Roughly speaking, I suppose it may be about 25 per cent. I don't know the exact volume at present in the District of Columbia.

Mr. MILLER. In other words, the Oyster firm supplies about one-fourth of the total amount of milk, cream, and buttermilk consumed in the city of Washington each day?

Mr. WELD. I think that is approximately true.

Mr. MILLER. And you have about 14,000 families you distribute to?

Mr. WELD. Approximately 14,000 families.

Mr. MILLER. How many producers do you buy from?

Mr. WELD. About 300.

Mr. MILLER. Give us the general location and distance from Washington.

Mr. WELD. I have here the complete list. I presume you would not care to examine it in detail. I can give you a general statement, if you so desire.

Mr. MILLER. Let me see that for a moment.

Mr. WELD. The addresses are not given there, but I can supply them, I think. This happens to be a list which was prepared for another purpose.

Mr. MILLER. You secure your supply, geographically speaking, from where?

Mr. WELD. Virginia and Maryland. I can say that approximately there are in Maryland 217 farmers supplying us with milk, and in Virginia possibly 83. There is one farmer in Pennsylvania, and I believe 1 farmer in West Virginia shipping us at the present time.

Mr. MILLER. The Wawa Dairy in Pennsylvania?

Mr. WELD. The Wawa Dairy, at Wawa, Pa.

Mr. MILLER. Do you have any written agreement with your producers as to the price at which they will sell you milk?

Mr. WELD. Yes, sir; for the most part. I might say that with all local producers shipping directly to the local market there is a written contract. At the receiving stations in northern Maryland prices are posted monthly, those prices being the prices for milk in Washington, less the cost of operating those receiving or pooling stations, and the expense of transporting that milk into Washington.

Mr. MILLER. Those receiving stations you mention are at Walkersville, New Midway, and Bellaire, Md.?

Mr. WELD. That is correct.

Mr. MILLER. Any others?

Mr. WELD. No others.

Mr. MILLER. When you fix the price with these producers, is there any agreement to deal with no one else but yourself?

Mr. WELD. There is, for the period of the contract.

Mr. MILLER. Do you make contracts with them for quarterly terms?

Mr. WELD. It has been customary in Washington, and is at the present time, for contracts to be made in September, covering a winter period of seven months, starting the 1st of October and ending April 30. It has been customary in April to make a contract for the summer period, covering five months, beginning May 1 and ending September 30. Therefore, these contracts are either for the seven-months winter period or for the five-months summer period.

Mr. MILLER. Do you have any relations with the Virginia-Maryland Milk Producers' Association?

Mr. WELD. Not as an association.

Mr. MILLER. Do you compare prices with them at any time?

Mr. WELD. I don't know that I quite understand your question.

Mr. MILLER. Do you confer with them at any time, so as to see whether the prices you are paying to milk producers and the price they are obtaining from the people they deal with are more or less uniform?

Mr. WELD. I think I might say—if I don't give you a direct answer, if I tell you our relations with this association, will that be satisfactory?

Mr. MILLER. Yes.

Mr. WELD. I think I may say that the producers' association, if I understand the matter correctly, holds their meetings and decide that they want a certain minimum price for milk for either the winter period or the summer period that I have just mentioned, and then they communicate with us, I think by letter, in some cases, in most cases probably, by letter, and I presume with other dealers, stating that they have met and that they are asking a certain price for milk during the coming period. We have had in the past no occasion to dispute those prices. We may be wrong, but we believe up to the present time that the best interests of the people of Washington have been served by taking the milk at the prices which they have offered. In support of that I may say that last fall, after the price for the winter milk had been established and contracts made with them, a great scarcity of milk occurred in Washington in spite of those prices, and we sent out to our producers a letter of appeal to produce more milk because of the congested condition of Washington and the increased population and particularly the great demand for milk during the "flu" epidemic. I have here a copy of that letter.

Mr. MILLER. Just hand it to the Senators. They would probably like to see it. I don't know whether we will introduce it or not.

What are the prices charged by the railroads for getting the milk into Washington?

Mr. WELD. The prices vary slightly. I can not give you the exact prices, but for the most part it is safe to say about 3 cents per gallon.

Mr. MILLER. F. o. b. Washington?

Mr. WELD. Delivered f. o. b. Washington.

Mr. MILLER. When you make contracts for the term from October 1 to April 30—I understand that is the term—how much was your last contract for per gallon?

Mr. WELD. I have a copy here, which I will be glad to submit made from October 1 to April 30.

Mr. MILLER. Is that a duplicate?

Mr. WELD. No; this one is for a different period. I have three copies here for three different periods.

(Copy of contract, dated April 17, 1918, marked "Exhibit A.")

EXHIBIT A.

GEO. M. OYSTER, JR.,
Washington, D. C., April 17, 1918.

Mr. JOHN DOE, *Fairfax, Va.*

DEAR SIR: I herewith submit the following proposition for the purchase of milk produced by you during the period beginning May 1, 1918, and ending September 30, 1918.

It is hereby agreed that you are to supply me and I am to buy all the milk produced by your herd that is for sale. That under no circumstances is it

milk of any other herd to be added to your shipment. That the milk with which you will supply me will be produced by cows that, according to the records of the Health Department of the District of Columbia, have been tuberculin tested within a year. That the cows are to be kept in a clean, healthy condition and cared for in a clean, well-kept place.

That all milk shall be drawn from cows into buckets having small or partially covered tops, or with a mechanical milker. That all milk as soon as drawn from the cow is to be immediately and properly cooled.

That all milk furnished me shall be free from visible dirt, fecal contamination, foreign flavors and odors, such, for instance, as may be caused by garlic, ensilage, ragweed, etc.

That all milk furnished me shall be free from bacteria of an objectionable nature, or bacteria numerous enough to affect unfavorably the condition of the milk.

That all milk shall be handled in a clean manner, in utensils that have been thoroughly cleaned, and be secured and handled only by healthy people of cleanly habits.

That you are to maintain during the period of this contract such equipment and follow such methods as may be necessary for you to receive from the inspectors of the health department a rating or score not lower than the one you last received.

That all shipments of milk received by me are to be weighed and the number of gallons determined by dividing the total number of pounds received each month by 8.6 pounds, the average weight of 1 gallon of milk.

For milk produced under the conditions above referred to, and delivered at my plant or f. o. b. cars in Washington on early morning train daily, I will pay the following prices, according to the average percentage of butter fat found in your milk each month:

If the average per cent of fat is 3.5, price per gallon to be 34.5 cents.

If the average per cent of fat is 3.6, price per gallon to be 34.9 cents.

If the average per cent of fat is 3.7, price per gallon to be 35.3 cents.

If the average per cent of fat is 3.8, price per gallon to be 35.7 cents.

If the average per cent of fat is 3.9, price per gallon to be 36.1 cents.

If the average per cent of fat is 4, price per gallon to be 36.5 cents.

If the average per cent of fat is 4.1, price per gallon to be 36.9 cents.

If the average per cent of fat is 4.2, price per gallon to be 37.3 cents.

If the average per cent of fat is 4.3, price per gallon to be 37.7 cents.

If the average per cent of fat is 4.4, price per gallon to be 38.1 cents.

If the average per cent of fat is 4.5, price per gallon to be 38.5 cents.

I will pay an extra price per gallon in addition to the prices above quoted whenever the latest official records of the Health Department of the District of Columbia show the score of your dairy farm to be 75 points or higher for the entire month for which an account is rendered and settlement is made. Such additional prices to be as follows:

One-half cent per gallon if farm scores as high as 75 and less than 80.

One cent per gallon if farm scores as high as 80 and less than 85.

One and one-half cents per gallon if farm scores 85 or higher.

It is further agreed that you are to render a bill between the first and fifth of each month for the milk furnished me during the previous month, and that I am to send you a check in payment for milk so received not later than the fifteenth of each month.

Very truly, yours,

GEORGE M. OYSTER, Jr.

FAIRFAX, VA., April 20, 1918.

GEORGE M. OYSTER, Jr., Washington, D. C.

DEAR SIR: The conditions and terms expressed in the foregoing letter are accepted by me.

JOHN DOE.

Mr. MILLER. Explain to us what other grades of milk will cause a variation in the contract price.

Mr. WELD. That is very clearly stated.

Mr. MILLER. In the contract?

Mr. WELD. In the contract. In other words, the contract is based on the price asked by the association, and in addition to that price

we offer 1 cent premium, and demand a minimum scoring at the present time of not less than 70 points as inspected by the Health Department of the District of Columbia.

Mr. MILLER. State what you mean by "70 points."

Mr. WELD. I have here a copy of the score card used by the inspector of the District of Columbia in examining dairy farms. They require a score of 70 out of a possible 100 points, and that the cattle shall be tuberculin tested annually.

Mr. MILLER. That will be marked "Exhibit B," Mr. Reporter.

(Score Card for Dairy Farms, marked "Exhibit B," is as follows:)

EXHIBIT B.

SCORE CARD FOR DAIRY FARMS—HEALTH DEPARTMENT OF THE DISTRICT OF COLUMBIA.

Farm of _____, location _____, D. C. Md. Va. Application permit No. _____, consignee _____, date _____.

This score card shows conditions only at the time of this inspection. To learn of conditions generally prevailing, reference should be made to a series of consecutive score cards. This may be done at the Health Office.

	Score.	
	Perfect.	Allowed.
A. STABLE AND YARD.		
1. Stable: Site, well drained, and free from contaminating surroundings.....	1	
2. Construction of stable:		
Tight, sound floor and proper gutter, tie and manger.....	3	
Smooth, tight walls and ceiling.....	2	
3. Light: Four square feet or more of glass per cow, and adequate artificial lighting for milking.		
(Three square feet, 2: two square feet, 1.).....	3	
4. Ventilation: Automatic system (adjustable windows, 1).....	2	
Cubic feet of air space per cow 1,000 to 600.....	2	
(500 to 600, 1).		
Stable air.....	2	
5. Cleanliness:		
Floor.....	2	
Walls.....	1	
Ceiling and ledges.....	1	
Mangers and partitions.....	1	
Windows.....	1	
Bedding.....	2	
6. Water for cattle: Clean and fresh.....	1	
7. Yard: Free from manure, clean and well drained.....	2	
(Manure stored less than 50 feet from stable, 0).		
8. Privy:		
(To include accommodations for employees.)		
Location.....	1	
Construction.....	1	
Cleanliness.....	1	
Disposal of contents.....	1	
B. MILK HOUSE.		
1. Site: Free from contaminating surroundings, with separate wash rooms.....	1	
2. Convenience.....	1	
3. Construction of floor, walls, and ceiling.....	1	
4. Light, ventilation, and screens.....	1	
5. Cleanliness of milk room, including freedom from flies.....	3	
C. UTENSILS.		
1. Small top milking pail.....	10	
(Removable top, 5.)		
2. Facilities for sterilization: (steam, 10: boiling water, 5).....	10	
3. Thorough cleansing and sterilizing of utensils.....	10	
4. Milk cooler.....	1	
5. Construction:		
Sound, of good type, and in good repair.....	1	
6. Water for cleaning, clean, convenient, and sufficient.....	2	

	Score.	
	Perfect.	Allowed.
D. MILKING AND MILK.		
1. Udders washed and dried)..... (Cleansed with moist cloth, 2.)	6	
2. Attendants: Cleanliness and apparent health.....	2	
2a. Medical inspection—employees.....	3	
3. Clean milking suits.....	1	
4. Milk of each cow removed immediately from stable.....	2	
5. Prompt cooling.....	4	
6. Efficient cooling: below 50° F. (51° F. to 35° F., 2; 56° F. to 60° F., 1.)	5	
7. Storage: below 50° F.....	3	
8. Transportation: iced..... (Jacket or wet blanket, 2; dry blanket or covered wagon, 1.)	3	
Total.....	100	

Remarks.....
 Source of water supply..... General condition of farm..... Violation of regulations, section.....
 of milk act, section..... Notices served, to correct, to show cause by.....
Inspector.

Score for cattle.

Number of cattle in dairy herd.....
 Perfect score for each cow or bull..... **100**
 Total possible score for herd.....

Deductions on account of cattle diseased, etc.

Number of cattle.	Nature of disease, defect, etc.	Deductions per cow.	Total deductions.
.....	1. Tuberculosis as shown by a physical examination, or by the tuberculin test.....	100	.....
.....	2. Absence of a tuberculin test within one year of the date of inspection, NOT TO INCLUDE CATTLE SCORED UNDER PARAGRAPH 1.....	30	.....
.....	3. Inflammatory diseases of the udder.....	100 or less.	.....
.....	4. Diseases other than or in addition to the diseases mentioned above.....	100 or less.	.....
.....	5. Unclean condition of the teats and udders.....	40 or less.	.....
.....	6. Unclean condition of the cows other than specified in the preceding paragraph.....	30 or less.	.....
.....	7. Undue emaciation or cows otherwise out of condition.....	10 or less.	.....

Total deduction for herd.....
 Net score.....

Net score (.....) divided by the total possible score for herd (.....) equals Percentage
 score.....
 Remarks.....
Inspector.

The health department believes that if a cow is suffering from tuberculosis, her entire value as a dairy cow is gone. If she is suffering from an inflammatory disease of the udder as well as from tuberculosis, she becomes even a greater danger to the herd. And if she is furthermore otherwise diseased, or out of condition, or dirty, she becomes even a more serious menace to public health. For these reasons the above system of scoring has been arranged so that an individual cow may count against the score of the entire herd more than would have been allotted to her had she been in perfect condition. All cows stabled with the dairy herd or found in the milking line will be scored as part of the herd.

Mr. MILLER. You speak of a "premium." What is the premium given to the dairyman for?

Mr. WELD. You mean the cent just referred to?

Mr. MILLER. Yes; the cent you spoke of.

Mr. WELD. That is given because we do not accept milk from farmers scoring less than 70 points, and also because we buy milk by weight, because we determine the amount of shipment by weight rather than by measurement, which is the custom, I understand, which is followed by other dealers.

Mr. MILLER. Have you a schedule that gives the contract for the five-months' period?

Mr. WELD. Here is a contract dated April 28, 1919, running through the summer period. That is a sample contract.

Mr. MILLER. This contract will be marked "Exhibit C," and is incorporated in the record.

(Said Exhibit C is copied in the record in full, as follows:)

EXHIBIT C.

GEO. M. OYSTER, JR.,

Washington, D. C., April 28, 1919

Mr. JOHN DOE, *Fairfax, Va.*

DEAR SIR: I herewith submit the following proposition, subject to your acceptance within three days, for the purchase of milk produced by you during the period beginning May 1, 1919, and ending September 30, 1919.

It is hereby agreed that you are to supply me and I am to buy all the milk produced by your herd that is for sale. That under no circumstances is the milk of any other herd to be added to your shipment. That the milk which you will supply me will be produced by cows that, according to the records of the Health Department of the District of Columbia, have been tuberculin-tested within a year. That the cows are to be kept in a clean, healthy condition, and cared for in a clean, well-kept place.

That all milk shall be drawn from cows into buckets having small or partially covered tops, or with a mechanical milker. That all milk as soon drawn from the cow is to be immediately and properly cooled.

That all milk furnished me shall be free from visible dirt, from fecal contamination, and from foreign flavors and odors, such, for instance, as may be caused by garlic, ensilage, rag-weed, etc.

That all milk furnished me shall be free from bacteria of an objectionable nature or bacteria numerous enough to affect unfavorably the condition of the milk.

That all milk shall be handled in a clean manner, in utensils that have been thoroughly cleaned, and be secured and handled only by healthy people of cleanly habits.

That you are to maintain during the period of this contract such equipment and follow such methods as may be necessary for you to receive from the inspectors of the Health Department of the District of Columbia a rating or score not lower than the one you last received.

That all shipments of milk received by me are to be weighed and the number of gallons determined by dividing the total number of pounds received each month by 8.6 pounds, the average weight of 1 gallon of milk.

For milk produced under the conditions above referred to, and delivered to my plant or by f. o. b. cars in Washington or Rosslyn on early morning train daily I will pay the following prices, according to the average percentage of butter fat found in your milk each month.

For milk containing 3.5 per cent fat I will pay 33 cents per gallon for the months of May and June, 35 cents per gallon for the months of July and August, 37 cents per gallon for the month of September.

I will pay an additional price of four-tenths of 1 cent per gallon for each one-tenth of 1 per cent fat above 3.5 per cent.

I will pay an extra price per gallon in addition to the prices above quoted whenever the latest official records of the Health Department of the District of Columbia show the score of your dairy farm to be 75 points or higher for 1

entire month for which an account is rendered and settlement is made. Such additional prices to be as follows:

One-half cent per gallon if farm scores as high as 75 and less than 80.

One cent per gallon if farm scores as high as 80 and less than 85.

One and one-half cents per gallon if farm scores 85 or higher.

It is further agreed that you are to render a bill between the 1st and 5th of each month for the milk furnished me during the previous month, and that I am to send you a check in payment for milk so received not later than the 15th of each month.

Very truly, yours,

GEO. M. OYSTER, Jr.

FAIRFAX, VA., April 30, 1919.

GEO. M. OYSTER, Jr.,

Washington, D. C.

DEAR SIR: The conditions and terms expressed in the foregoing letter are accepted by me.

JOHN DOE.

Mr. MILLER. I notice it does not have the same table the other contract has.

Mr. WELD. We were able to eliminate that table by inserting a paragraph. May I explain it to you?

Mr. MILLER. That is all right.

Mr. WELD. We give that in detail here. [Indicating to Mr. Miller.]

Mr. MILLER. I see; all right.

Mr. WELD. In other words, we make this paragraph take the place of that table.

Mr. MILLER. Are you prepared to tell us about your capital invested in the business, etc., or is that left to Mr. Brawner?

Mr. WELD. It is to be left to Mr. Brawner.

Mr. MILLER. Have you any cause for complaint against the price-fixing methods of the Maryland and Virginia Milk Producers Association?

Mr. WELD. I take it by that you assume they have price-fixing methods.

Mr. MILLER. Yes; I understand they have.

Mr. WELD. I am of the opinion that up to the present time the prices asked by that association have been fair.

Mr. MILLER. Do you think that the methods of the association tend to keep the prices of milk at a higher level than it might be otherwise?

Mr. WELD. I think the actions of an association always tend to benefit the individuals associated, and therefore, the tendency would probably be in the direction of a somewhat higher price, because of the activities of the association.

Mr. MILLER. Then it would not tend to benefit the consumer?

Mr. WELD. There are two ways possibly of looking at that when you consider the times through which we have been passing. I believe it is essential that the producers of milk in the vicinity of Washington should be kept on the job, and that the activities of the association have had a tendency to keep them producing milk and to keep them producing milk in larger quantities. Of course I can understand the time may come when the need may not be so urgent, and the demands of the association under those conditions, unless

modified, might tend toward harm for the consuming public. I to the present time, however, I am not of the opinion that is the case.

Mr. MILLER. Have the Senators any questions they desire to ask? I might say that Mr. Brawner, from Oyster & Co., is going to be put on the stand to answer a few financial questions.

Mr. WELD. There are some things which I have prepared and which I can state to you further if you so desire.

Senator DIAL. Has your business been increasing?

Mr. WELD. It has been increasing.

I have here some figures which may be of interest to you gentlemen taken from the records of the business. The cost of 4 per cent milk in August, 1914, 1915, and 1916, was about 16 cents per gallon. The cost of 4 per cent milk in August, 1917—by "cost" I mean the price paid to the producer—was about 38 cents per gallon. The net increase in the price paid the farmer for his milk was approximately 22 cents per gallon. The increase in the price paid the farmer for his milk as comparing the seasons of 1914, 1915, and 1916 with the season 1919, was about 137 per cent. That is, the increase which the farmer received for his milk was about 137 per cent. The price paid to consumers in August, 1914, 1915, and 1916 was 10 cents per quart. The price paid by consumers in August, 1919, was 15 cents per quart. The net increase in price paid by consumers was 5 cents per quart. The net increase in price paid by consumers was 50 per cent. In other words, although the price to the producers had increased about 137 per cent, the price to the consumer had only increased 50 per cent.

Mr. MILLER. That will be marked "Exhibit D," Mr. Reporter, and incorporated in the record.

(Said Exhibit D is herewith copied in the record in full, follows:)

EXHIBIT D.

Cost of 5 per cent milk in August, 1914, 1915, and 1916, about \$0.16 per gallon.
 Cost of 4 per cent milk in August, 1919, about \$0.38 per gallon.
 Net increase in price paid farmer for his milk, \$0.22 per gallon.
 Increase in price paid farmer for his milk about 137 per cent.
 Price paid by consumers in August, 1914, 1915, and 1916, \$0.10 per quart.
 Price paid by consumers in August, 1919, \$0.15 per quart.
 Net increase in price paid by consumers, \$0.05 per quart.
 Net increase in price paid by consumers 50 per cent.

Senator DIAL. Did the farmers liberally respond to your appeal to increase production of milk?

Mr. WELD. I believe as a rule they tried to be responsive. There are, of course, some exceptions.

Mr. MILLER. You have some tables there, Mr. Weld, I wish you would explain briefly to the committee. Just explain to the committee what they are and we will have them incorporated in the record.

Mr. WELD. I have here the average retail price of milk for the years 1914, 1915, and 1916, per gallon and per quart, and for the purpose of comparison I have the average cost during the year 1919 per gallon and per quart. This shows that the average retail price for the years 1914, 1915, and 1916 was 40 cents per gallon and 10 cents per quart; that the average cost for the year was about 26 cents per gallon, or 5 cents per quart, the difference being about 14 cents per gallon and 5 cents per quart.

cents per gallon, or about 5 cents per quart. From October 1, 1918, to September 30, 1919, the average retail price was 64 cents per gallon, or 16 cents per quart; the average cost for the year was a little over 41 cents per gallon and a little over 10 cents per quart, the difference being a little less than 23 cents per gallon or a little less than 6 cents per quart.

For the current year ending September 30, from October 1 to April 30 the selling price was 68 cents per gallon or 17 cents per quart; the cost 44 cents per gallon, or 11 cents per quart, the difference being 24 cents per gallon, or 6 cents per quart. From May to June the selling price was 56 cents per gallon, or 14 cents per quart; the cost 36 cents per gallon, and 9 cents per quart, the difference being 20 cents per gallon, or five cents per quart. For July and August the selling price was 60 cents per gallon, or 15 cents per quart; the cost 38 cents per gallon, or 9½ cents per quart, the difference being 22 cents per gallon, or 5½ cents per quart. For September the selling price was 60 cents per gallon, or 15 cents per quart; the cost was 40 cents per gallon, or 10 cents per quart, the difference being 20 cents per gallon, or 5 cents per quart.

(Paper marked "Exhibit E," and incorporated in the record, as follows:)

EXHIBIT E.

	Per gallon.	Per quart.
1914, 1915, 1916:		
Average retail price for year.....	\$0.400	\$0.100
Average cost for year (about).....	.208	.052
Difference (about).....	.192	.048
Oct. 1, 1918, to Sept. 30, 1919:		
Average retail price for year.....	.640	.160
Average cost for year.....	.413	.103
Difference.....	.227	.057

For the current year, ending September 30, prices are as follows:

	Per gallon.	Per quart.
Oct. 1 to Apr. 30:		
Selling price.....	\$0.68	\$0.17
Cost.....	.44	.11
Difference.....	.24	.06
May and June:		
Selling price.....	.56	.14
Cost.....	.36	.09
Difference.....	.20	.05
July and August:		
Selling price.....	.60	.15
Cost.....	.38	.095
Difference.....	.22	.055
September:		
Selling price.....	.60	.15
Cost.....	.40	.10
Difference.....	.20	.05

Mr. WELD. These are the only copies I have of this.

Mr. MILLER. You will receive them back after the committee is through with them.

Mr. WELD. Very well.

Mr. MILLER. Just tell the committee what they are.

Mr. WELD. I have information here given me by Mr. I. Elkins Nathan, secretary of the New York Milk Conference Board, of New York City, giving the cost, selling price, and difference in the cities of New York, Boston, Philadelphia, Baltimore, Pittsburgh, Cleveland, and Chicago, for each month during the present year up to the present time. I also have attached to that similar information compiled from the records of Mr. Oyster, wholesale and retail.

(Paper marked "Exhibit F," and incorporated in record, as follows:)

EXHIBIT F.

Comparison of per quart selling price, cost (f. o. b. country plant), and distributors' differential on market milk, bottled and bulk.

RETAIL, BOTTLED.

Month, 1919.	New York.	Boston.	Philadelphia.	Baltimore.	Pittsburgh.	Cleveland.	Chicago.
January:							
Selling price.....	\$0.16	\$0.165	\$0.14	\$0.17	\$0.15	\$0.15	\$0.14
Cost.....	.093095	.0799155	.08195	.09288	.084925	.08116	.08242
Difference.....	.066905	.0850845	.05805	.07712	.065075	.06884	.05738
February:							
Selling price.....	.16	.165	.1375	.16	.15	.14	.14
Cost.....	.08213	.0720895	.077315	.08342	.0774	.072025	.0766
Difference.....	.07787	.0929105	.060185	.07658	.0726	.067975	.0634
March:							
Selling price.....	.16	.165	.13	.15	.14	.13	.13
Cost.....	.076325	.068857	.068585	.06923	.065575	.061225	.0630
Difference.....	.083675	.096143	.061415	.08077	.074425	.068775	.0660
April:							
Selling price.....	.15	.155	.13	.14	.14	.13	.13
Cost.....	.06536	.0648655	.06364	.069875	.065575	.059125	.0610
Difference.....	.08464	.0901345	.06636	.070125	.074425	.070875	.0690
May:							
Selling price.....	.15	.155	.13	.14	.14	.13	.13
Cost.....	.07095	.059555	.06364	.068155	.065575	.061225	.064225
Difference.....	.07905	.095445	.06636	.071845	.074425	.073475	.06575
June:							
Selling price.....	.15	.15	.13	.14		.13	.13
Cost.....	.067295	.054739	.06364	.065575		.05975	.0610
Difference.....	.082705	.095261	.06636	.074425		.07025	.0690
July:							
Selling price.....	.16	.15	.13	.14		.14	.14
Cost.....	.071595		.06536	.06536		.061225	.0610
Difference.....	.088405		.06464	.0712		.078775	.0790
August:							
Selling price.....	.16		.14				
Cost.....	.074175		.07525				
Difference.....	.085825						

HIGH COST OF LIVING IN DISTRICT OF COLUMBIA

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Oct. 1, 1918, to Apr. 30, 1919, inclusive:

Selling price.....	
Cost.....	
Difference.....	

May and June, 1919:

Selling price.....	
Cost.....	
Difference.....	

July and August, 1919:

Selling price.....	
Cost.....	
Difference.....	

September, 1919:

Selling price.....	.15
Cost.....	.16
Difference.....	.15
	.15

WHOLESALE, BULK

Month, 1919.	New York.	Boston.	Philadel- phia.	Baltimore.	San Francisco.
January:					
Selling price.....	\$0.122500		\$0.115000		
Cost.....	.093095		.081950		
Difference.....	.029405		.023050		
February:					
Selling price.....	.112500		.111250		
Cost.....	.082130		.077315		
Difference.....	.030370		.033935		
March:					
Selling price.....	.105000		.100000		
Cost.....	.076325		.066250		
Difference.....	.028675		.033750		
April:					
Selling price.....	.095000		.100000		
Cost.....	.065360		.066250		
Difference.....	.029640		.033750		
May:					
Selling price.....	.102500		.100000		
Cost.....	.079050		.066250		
Difference.....	.023450		.033750		
June:					
Selling price.....	.102500		.100000		
Cost.....	.067295		.066250		
Difference.....	.035205		.033750		
July:					
Selling price.....	.102500		.100000		
Cost.....	.071395		.066250		
Difference.....	.030905		.033750		
August:					
Selling price.....	.110000		.100000		
Cost.....	.070000		.066250		
Difference.....	.040000		.033750		

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Mr. WELD. I have here also a publication issued by the health department of the District of Columbia, showing the average grade of milk sold by each dealer in the District of Columbia during the six months' period ending June 30, 1919. It shows the grade of milk supplied by Mr. Oyster, and also the grade supplied by the other dealers, as compiled by the health department. I would like to submit that. There was one error in that record which relates to the matter of price. I would also like to submit a correction of the error on the part of Mr. Oyster.

(Health department pamphlet marked "Exhibit G," and letter making correction, marked "Exhibit H," are as follows:)

EXHIBIT G.

HEALTH DEPARTMENT OF THE DISTRICT OF COLUMBIA, FOOD INSPECTION SERVICE
AVERAGE GRADE OF MILK SOLD BY EACH DEALER IN THE DISTRICT OF COLUMBIA
DURING THE SIX MONTHS ENDED JUNE 30, 1919.

This leaflet is published monthly. It will be mailed to any interested person requesting it.

The information it contains is compiled from the records of the health department pertaining to the milk supply of the District, to enable the department to give to all inquirers, without undue expenditure of time and effort, a gist of such records.

The records of the department relating to the milk supply are open to the public. The character of these records, however, is such as to render it practicable to furnish complete details by letter. Persons desiring details should call personally at the health office for them.

Name of dairy or proprietor.	Dealers' description.	Grade—Health office.	Price—quart.
Alden, H. L.	Pasteurized milk	53.70	
Alderney Dairy (see Black, H. L., & Son).			
Anandale Dairy (see Castle, J. W.).			
Auth Bros.	Milk	63.27	
Avalon Dairy (see Dorr, J. & G.).			
Bayne, Thomas	do.	65.51	
Black, H. L., & Son.	Pasteurized milk	61.93	
Bowles, J. J.	do.	63.21	
Broad Branch Road Dairy (see Bayne, Thomas).			
Brown, A. J.	Milk	81.10	
Burnside Farms Dairy (see Walker-Gordon Laboratory).			
Castle, J. W.	do.	66.78	
Cherrydale Dairy (see Marcey, J.).			
Chestnut Farms Dairy (see Oyster, G. M.).			
Chevy Chase Dairy (see Wise Bros.).			
Cudmore, P.	do.	61.10	
De Argo, P.	do.	83.74	
Dixon, J. B.		83.90	
Dorr, J. V., & Geo.	Milk	87.83	
Eckington Dairy (see Cudmore, P.).			
Estes, J. W.	Pasteurized milk	80.97	
Fairview Farm Dairy (see Bassford, M. I.).			
Gregg, J. W.	do.	64.28	
Haight, A. R.	Pure milk	81.14	
Hamilton Dairy (see Selecman, W. R.).			
Hedlin, M. C.	do.	63.64	
High Ridge Dairy (see Hill, C. T.).			
Hill, C. T.	Milk	72.86	
Home Dairy (see Judd & Hodges).			
Horner, C. V.	Pasteurized milk	68.61	
Horrigan, Albert	Special milk	68.16	
Hutchinson, B. T.	Pure milk	78.85	
J. H. R. Farm Dairy (see Ruppert, J. H.).			
Jersey Dairy (see Bowles, J. J.).			
Judd & Hodges.	Quality milk	82.52	
Kiplinger, W. B.	Milk	73.10	
Leapley, Chas. E.	do. ¹	77.53	
Lacteal Dairy (see Shawn, M. L.).			
Lewinsville Dairy (see Storm & Sherwood).			
Loudon Dairy (see Horner, C. V.).			
Marcey, Julius	do.	66.66	
Markham, Edward	do.	70.88	

¹ Wholesale.² Computed for a period of less than six months.

Name of dairy or proprietor.	Dealers' description.	Grade—Health Office.	Price a quart.
Mayhew, L. E.	Milk	78.46	0.15
Mt. Rocky Dairy (See Alden, H. L.).			
National Dairy (see Gregg, J. W.).			
Ogle, M. E.	do.	75.83	.15
Orrison, J. E.	do.	69.59	.15
Oyster, G. M.	Special milk pasteurized	90.48	.16
Oyster, G. M.	Certified milk	98.47	.30
Prake, M. E.	Milk	61.30	.15
Popular Dairy Farm (see Scammell, R. E.).			
Purity Dairy (see DeArzo, P.).			
Queen, C. Irvin	Milk ¹	86.63	.....
Kelly, J. P.	Milk	82.77	.15
Ruppert, J. H.	do.	56.12	.15
Scammell, R. E.	do.	89.51	.15
Salezman, W. R.	Pasteurized milk	66	.15
Sharon Dairy (see Thompson, C.).			
Shawn, M. L.	Tuberculin tested milk	68.27	.15
Simpson, W. A.	Pasteurized milk	67.97	(²)
St. Clair Dairy (see Heflin, M. C.).			
Storm and Sherwood	do.	80.55	.15
Storm and Sherwood	Famous special milk	77.63	.16
Tanner, A. T.	Milk	54.19	.15
Tenley, A. C.	do.	77.82	.15
Thompson, Corbin	Pasteurized milk	58.82	.16
Thompson, Corbin	Woodbridge milk	61.47	.16
Thompson's Dairy (see Thompson Sisters).			
Thompson Sisters	Pasteurized milk	83.48	.15
Thompson Sisters	Special milk	81.66	.16
Thompson, Minnie	Milk ¹	87.50	.....
Union Valley Dairy (see Estes, J. W.).			
Van View Dairy (see Orrison, J. S.).			
Wahler Bros	Milk	83.58	.....
Walker Gordon Laboratory	Certified milk	96.27	.30
Walker Hill Dairy (see Simpson, W. A.).			
White Clover Dairy (see Tanner, A. T.).			
Willow Grove Dairy (see Tenley, A. C.).			
Wise Bros	Pasteurized milk	86.08	.15
Wise Bros	Special raw milk	75.16	.16
Woodbridge Farm (see Thompson, C.).			

¹Computed for a period of less than six months.²Wholesale.

INSTRUCTIONS.

Names of dealers and trade names of dairies are arranged alphabetically.

Method of grading.—100 points represent a theoretically perfect milk. These 100 points are allotted as follows:

For dairy farms, equipment and methods	16½
For dairy cattle, health and cleanliness	16½
For dairy, equipment and methods	16½
For nutritive value of milk as determined by chemical analysis	16½
For wholesomeness, cleanliness, and keeping qualities, as determined by bacteriological analysis	33½
Total	100

The grades published within are based on the entire record for the six months named in the heading, unless otherwise noted.

For a detailed description of the method of grading, see Public Health Reports, February 21, 1913.

Dealers' Description.—These are the trade names or designations given by dealers to the various kinds of milk sold by them. The trade name or designation given by a dealer to any particular kind of milk sold by him rests within very broad limits entirely within his own discretion and conscience. Within such limits he is at liberty to vary from day to day the quality of the milk sold by him under any particular label without rendering himself amenable to the law. The Department does not attempt to guarantee that the milk is what it is labeled.*Certified milk.*—Technically this means milk which an authorized medical milk commission certifies is produced and handled in accordance with the

specifications of said commission. There is no legal standard for certified milk in the District of Columbia.

Pasteurized milk.—By pasteurization the Health Department understands the subjecting of milk to a temperature not exceeding 158° F., in such a way as to kill ordinary disease germs and all bacilli of the colon group. There is, however, no legal standard for pasteurized milk in the District of Columbia.

The assignment of a low grade to milk sold under the representation of the dealer that it is "pasteurized" means, (1) that the milk so graded was not pasteurized in any true sense of the word; or (2) that if properly pasteurized in the first instance, it has been kept too long, or under improper conditions; or (3) that the raw milk used by the dealer was obtained from farms or cows that scored low, or that the dealer's dairy scored low, or that the nutritive value of the milk was low; or (4) that two or more of these conditions existed. The low grade assigned to much of the so-called pasteurized milk on the market is due simply to the fact that the milk has never been really pasteurized at all, or that subsequent to pasteurization it has been improperly kept.

July 18, 1919.

EXHIBIT H.

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
HEALTH DEPARTMENT,
Washington, August 16, 1919.

Mr. IVAN WELD,

The George M. Oyster Co., Washington, D. C.

MY DEAR MR. WELD: Referring to our recent conversation relative to the retail price of milk charged by the G. M. Oyster Co., as shown on the printed milk sheet issued by the health department, I beg to say that the price quoted, 16 cents per quart, was based on the purchase of two 1-pint bottles of milk from the driver of one of your wagons by an inspector of this department. It appears that the inspector asked for "1 quart of milk" and was furnished at his request with two 1-pint bottles. In the preparation of the grade sheet the fact that 16 cents was paid for two 1-pint bottles was considered by the inspector to mean that the price of the milk was at the rate of 16 cents per quart. With this contention I am unable to agree, and have so advised him. The same situation arose over the purchase at your dairy of two 1-pint bottles of certified milk.

I regret very much that this error occurred, and in order to prevent further trouble of this kind, I have directed that hereafter the grade sheets shall not include a statement giving the price of the product.

If there is anything further I can do, please let me know.

Respectfully,

W. C. FOWLER, M. D., *Health Officer.*

Senator CAPPER. You say that from 1914 to the present time the producers got an increase of 137 per cent for their milk.

Mr. WELD. Approximately.

Senator CAPPER. That seems to be about the same period that the Maryland and Virginia Producers' Association has been in operation. Do you think that has had anything to do with this increase in the prices the producers have received?

Mr. WELD. I have no doubt but it did have, although I would not be able to estimate the increased expense.

STATEMENT OF HENRY N. BRAWNER, JR.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name?

Mr. BRAWNER. Henry N. Brawner, jr.

Mr. MILLER. And your occupation or business?

Mr. BRAWNER. Manager for George M. Oyster & Co.

Mr. MILLER. Mr. Weld has already given us the details of some of the business, as you have heard. We just want to find from you

a few points relating to the financial affairs. How much capital has George M. Oyster invested in his business?

Mr. BRAWNER. I failed to get that amount. I didn't know you wanted that. I was told you wanted the volume of business, prices, and profits.

Mr. MILLER. You have no idea what the investment is?

Mr. BRAWNER. Not from memory. It is around about \$300,000. I can get that for you and let you have it later.

Mr. MILLER. Have you data there that will show us the volume of business and earnings from 1914 down?

Mr. BRAWNER. From 1915 down, not from 1914.

(Statement covering years 1915 to 1918, marked "Exhibit A," is as follows.)

EXHIBIT A.

Year.	Sales.	Merchandise purchased.	Expense.	Profit.	Per cent on sales.
1915.....	\$748,463.55	\$440,154.11	\$237,359.03	\$70,950.41	9.47
1916.....	864,161.34	526,294.66	277,244.20	60,622.48	7.01
1917.....	1,112,939.38	716,594.90	328,032.92	68,311.56	6.13
1918.....	1,935,322.55	1,322,309.34	505,714.38	107,298.83	5.54

Mr. MILLER. Just state what that exhibit shows, Mr. Brawner.

Mr. BRAWNER. That shows that in 1915 the sales were \$748,463.55; for 1916 the sales were \$864,161.34; for 1917 the sales were \$1,112,939.38; for 1918 the sales were \$1,935,322.55.

Mr. MILLER. Now, the profits for those years?

Mr. BRAWNER. The profits for 1915 were \$70,950.41; for 1916 the profits were \$60,622.48; for 1917, they were \$68,311.56; and the profits for 1918 were \$107,298.83.

Mr. MILLER. Explain, Mr. Brawner, why it is that in 1916 you had a loss in the profits, although a larger volume of business than the previous year?

Mr. BRAWNER. A difference in expense, I should say.

Mr. MILLER. Do you know that to be a fact?

Mr. BRAWNER. The expense in 1915 was \$237,359.03; and in 1916 it was \$277,244.20.

Mr. MILLER. What is included in that term "expense"? Do you include any losses on your market anticipations?

Mr. BRAWNER. No, sir; we don't speculate on the market. We buy daily.

Mr. MILLER. For instance, in 1915 your sales were much less than in 1917, and yet your profit is larger.

Mr. BRAWNER. Larger in 1915?

Mr. MILLER. Yes.

Mr. BRAWNER. I can't answer why that was.

Mr. MILLER. The price is a little bit up in 1917. The year before you said it was the expense. Do you give that as the same reason in this case?

Mr. BRAWNER. The volume of business would affect the expense, you know. The larger the business, the more the expense.

Chairman BALL. Do you do a cash business?

Mr. BRAWNER. Cash and credit, principally credit.

Chairman BALL. What is your percentage of losses from your credit business?

Mr. BRAWNER. That varies. I haven't the figures before me. We usually charge out every two years.

Chairman BALL. It is a very small percentage?

Mr. BRAWNER. Very small.

Mr. MILLER. What proportion have wages and other costs of operation toward your maintenance increased?

Mr. BRAWNER. In 1915 and 1916 we were paying about one-third what we are paying now, approximately. In other words, we paid bottle washers \$12.25 in 1916, and now we are paying them \$33.25.

Chairman BALL. Do you employ more men?

Mr. BRAWNER. Yes, sir.

Chairman BALL. As well as increase their wages?

Mr. BRAWNER. Yes, sir.

Senator CAPPER. Mr. Brawner, according to the statement, your profit last year was \$107,000. Was that after you had deducted your war tax and the income tax?

Mr. BRAWNER. Oh, no. We paid \$46,600.

Senator CAPPER. Out of this \$107,000?

Mr. BRAWNER. Out of this \$107,000.

Senator CAPPER. I see your profit increased about \$40,000 over the previous year. As a matter of fact, that would just about take care of your war tax? You have about as much net profit after you pay your war tax as you had the year before?

Mr. BRAWNER. That increased profit is on the volume of business.

Senator CAPPER. Yes; but that is due largely to the increase in the prices of milk, etc.

Mr. BRAWNER. In one sense of the word. I have some data here I might give you. The percentage on sales in 1918 was 5.54 per cent; in 1917 it was 6.13 per cent; in 1916 it was 7.01 per cent; in 1915 it was 9.47 per cent. The margin of profit was smaller in 1918 than it was the previous year.

Senator CAPPER. That is your profit on sales?

Mr. BRAWNER. Percentage on sales.

Senator CAPPER. There was a decrease in 1918 over 1917 of about one-half of 1 per cent. It decreased from 6.13 to 5.54 per cent. As a matter of fact, about all of those in business in this city, and I think in almost every other city, as far as I am able to learn, have passed the war tax on to the next man, which this report of yours would seem to indicate has been done.

Mr. BRAWNER. Well, I don't think so in our case, Senator. We sold on a closer margin. We didn't increase our margin of profit at all. It cost us about 22 cents a gallon, or 5 cents a quart, to handle the milk. We have maintained that right straight through for years. You can go back to 1911. The difference between the cost of milk and what it costs us to deliver it has been from 20 to 22 cents a gallon. We have not increased that at all. We deliver at cost, you might say, or approximate cost.

Chairman BALL. At the same time, the Government got that increased amount that you made over the year before?

Mr. BRAWNER. Absolutely.

Senator CAPPER. The point I make is, after you got through with the year's business and paid the Government the war tax, you had

almost as much net profit as you had the year before? There was only a difference of one-half of 1 per cent.

Mr. BRAWNER. Very nearly as much.

STATEMENT OF ARTHUR LEE THOMPSON.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name and place of business.

Mr. THOMPSON. Arthur Lee Thompson, 2012 Eleventh Street NW.

Mr. MILLER. You are engaged in the general retail milk business?

Mr. THOMPSON. Yes, sir.

Mr. MILLER. What is the volume of your business per day?

Mr. THOMPSON. Approximately 2,000 gallons.

Mr. MILLER. How many producers supply you with milk?

Mr. THOMPSON. About 50.

Mr. MILLER. Do you have any agreements with them whereby they will dispose of their milk to you at a certain price?

Mr. THOMPSON. Only verbal.

Mr. MILLER. No written agreements?

Mr. THOMPSON. No, sir.

Mr. MILLER. Do you have any agreement with them, verbal or written, that they will deal with no one else but you?

Mr. THOMPSON. That is the understanding; yes, sir. That is the agreement.

Mr. MILLER. Tell the committee how the price you pay these producers is fixed.

Mr. THOMPSON. It is fixed primarily by the Maryland and Virginia Milk Producers' Association. That is the minimum price. We pay over and above that in many instances, in practically all instances.

Mr. MILLER. Have you any data there that will give us the price you paid the producer and what you sold to the consumer for?

Mr. THOMPSON. Yes, sir; for the years from 1914 to 1919.

Mr. MILLER. Tell us what you have there.

Mr. THOMPSON. The price of milk to the producer and consumer in Washington from 1914 to August, 1919, as paid by this firm. That shows that in 1914, for the five summer months the producers received 15½ cents per gallon, and the consumers paid 8 cents per quart or 4 cents per pint; and for the seven winter months the producers received 22 cents per gallon and the consumers paid 9 cents per quart, or 5 cents per pint; 1915 was the same as 1914; 1916, for the five summer months the producers received 16½ cents per gallon, and the consumers paid 8 cents per quart or 4 cents per pint; for four of the winter months the producers received 23 cents per gallon and the consumers paid 9 cents per quart or 5 cents per pint; for the other three winter months the producers received the same amount per gallon, 23 cents, and the consumers paid 10 cents per quart or 5 cents per pint.

For 1917, the first eight months of the year, the producers received 24 cents per gallon, and the consumers paid 10 cents per quart or 5 cents per pint; for the month of September the price was the same to the producers, and 11 cents per quart and 6 cents per pint to the consumer; for the months of October, November, and December, the

producers received 35½ cents, and the consumers paid 14 cents per quart or 8 cents per pint. For 1918, nine months, the producers received 35½ cents, and the consumers paid 14 cents per quart and 8 cents per pint, excepting one month, when they paid 15 cents per quart and 8½ cents per pint; for the other three months of that year the producers received 42 cents per gallon and the consumers paid 17 cents per quart and 10 cents per pint. For the first three months of 1919, the producers received 43 cents per gallon, and the consumers paid 17 cents per quart and 10 cents per pint; for April, 1919, the producers received 40 cents per gallon and the consumers paid 16 cents per quart and 9 cents per pint; for May and June, 1919, the producers received 34 cents per gallon, and the producers paid 14 cents per quart and 8 cents per pint; and July and August, 1919, the producers received 36 cents per gallon and the consumers paid 15 cents per quart and 9 cents per pint.

(Statement of Thompson's Dairy, marked "Exhibit A." is as follows:)

EXHIBIT A.

Prices of milk to producers and consumers in Washington from 1914 to August, 1919.

	Producers received per gallon.	Consumers paid—	
		Per quart.	Per pint.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
1914—5 summer months.....	15½	8	4
7 winter months.....	22	9	5
1915—Same as in 1914.....			
1916—5 summer months.....	16½	8	4
4 winter months.....	23	9	5
3 winter months.....	23	10	5
1917—8 months.....	24	10	5
1 month.....	24	11	6
3 months.....	35½	14	8
1918—9 months.....	35½	14	8
3 months.....	42	15	8½
1919—January, February, and March.....	42	17	10
April.....	40	16	9
May and June.....	34	14	8
July and August.....	36	15	9

¹ Month.

Mr. MILLER. What is that other data you have there?

Mr. THOMPSON. That is some other data that I thought possibly you might ask for, regarding the volume of business, gross receipts, profits, and percentage of profits on sales.

Mr. MILLER. I will get that for you in a few moments. Do you receive notice from the milk dealers' association informing you of the current prices?

Mr. THOMPSON. Yes, sir.

Mr. MILLER. How is that sent you?

Mr. THOMPSON. By mail.

Mr. MILLER. Have you any complaint as to the prices that this association sets?

Mr. THOMPSON. I think, in view of the prevailing prices of feed and labor, they are reasonable.

Mr. MILLER. Do you always follow that price?

Mr. THOMPSON. We have up to the present time.

Mr. MILLER. Do you think the association's methods tend to keep the price of milk higher than it should be?

Mr. THOMPSON. I think the price of milk should be high enough to maintain the industry, and I question whether that price has gone beyond that. I think it stabilizes prices throughout the year. I think without it, in case of overproduction, the price would drop, and in case of scarcity it would increase. I think it tends to make the prices more uniform.

Mr. MILLER. How much capital have you invested?

Mr. THOMPSON. Approximately \$150,000.

Mr. MILLER. Are you incorporated?

Mr. THOMPSON. No, sir; a partnership.

Mr. MILLER. What were your profits for the last five years?

Mr. THOMPSON. Not deducting interest, in 1914 they were \$14,000; in 1915 they were \$18,000; in 1916 they were \$20,000; in 1917 they were \$14,000; in 1918 they were \$36,000. In 1914 the volume of business was 1,100 gallons of milk daily; in 1915, 1,200 gallons; in 1916, 1,350 gallons; in 1917, 1,550 gallons; in 1918, 1,900 gallons. The gross receipts in 1914 were \$150,000; in 1915 they were \$192,000; in 1916 they were \$230,000; in 1917 they were \$293,000; and in 1918 they were \$476,538. The percentage of profit on sales for 1914 was 9.3 per cent; for 1915, 9.3 per cent; for 1916, 9 per cent; for 1917, 5 per cent; for 1918, 7.12 per cent.

Mr. MILLER. That table shows your volume of business, your gross receipts and profits for the years 1914 to 1918?

Mr. THOMPSON. Yes, sir.

(Table marked "Exhibit B" is as follows:)

EXHIBIT B.

Year.	Volume of business.	Gross receipts.	Profits, interest on capital not deducted.	Per cent of profits on sales.
	Gallons.			
1914.....	1,100	\$150,000	\$14,000	9.3
1915.....	1,200	192,000	18,000	9.3
1916.....	1,350	230,000	20,000	9.0
1917.....	1,550	293,000	14,000	5.0
1918.....	1,900	476,538	36,000	7.5
1919.....	1,900			

Mr. MILLER. In what proportion have wages and other costs of operation and maintenance increased since 1914?

Mr. THOMPSON. A little more than double. Wages are considerably more than double, and some not quite so much.

STATEMENT OF F. L. SELECMAN.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name and place of business.

Mr. SELECMAN. F. L. Selecman, 1436 P NW.

Mr. MILLER. That is adjoining the Riggs Market?

Mr. SELECMAN. Yes, sir.

Mr. MILLER. Do you conduct a retail milk business?

Mr. SELECMAN. Yes, sir.

Mr. MILLER. And also delivery business?

Mr. SELECMAN. Just the retail business. Also a delivery business.

Mr. MILLER. What is your total volume of business per day?

Mr. SELECMAN. About 350. We have a very small business.

Mr. MILLER. From how many producers do you buy this milk?

Mr. SELECMAN. About 8.

Mr. MILLER. What is there location?

Mr. SELECMAN. Some are from Loudoun and Falls Church in Virginia, and in Maryland, some from Silver Springs.

Mr. MILLER. What do you buy milk for from them at the present time?

Mr. SELECMAN. Thirty-four cents. I think that is the price this month—last month that was the price. I don't know what it is this month.

Mr. MILLER. Thirty-four cents per gallon?

Mr. SELECMAN. Yes, sir.

Mr. MILLER. What do you get for it?

Mr. SELECMAN. Fifteen cents a quart. That is just the retail price. Of course, the wholesale price is much lower.

Mr. MILLER. Do you have a written agreement with these producers as to what they will sell you their product for?

Mr. SELECMAN. No, sir; they make their own agreements and send us those schedules from month to month.

Mr. MILLER. Is the price agreement written or verbal, as far as you are concerned?

Mr. SELECMAN. It is written. They send us a written agreement. Of course, we try to abide by those agreements as nearly as possible. We always live up to them.

Mr. MILLER. They notify you in writing what your price will be?

Mr. SELECMAN. Yes, sir.

Mr. MILLER. Have you any cause for complaint against the price fixing method of the association?

Mr. SELECMAN. No, sir. I think it is a very fair price, considering the cost of everything.

Mr. MILLER. Do you think it tends to raise the price of milk in the District of Columbia?

Mr. SELECMAN. I do.

Mr. MILLER. Just enlarge upon that a little.

Mr. SELECMAN. Well, for the simple reason that you can buy milk cheaper through the summer months than those prices call for, and of course, if we bought it cheaper we could afford to sell it cheaper.

Mr. MILLER. If it were not for the prices they fix you could go out and buy it cheaper during the summer months?

Mr. SELECMAN. I think so.

Mr. MILLER. During the summer months, because of the price fixing methods of the Maryland & Virginia Milk Producers' Association, the price of milk is more to the consumer?

Mr. SELECMAN. I think so.

Mr. MILLER. What could you buy it for?

Mr. SELECMAN. We never go outside and buy milk that way, but we have a good many shippers to come in to us during the summer months and offer it cheaper than the association price.

Mr. MILLER. What do you term "summer" months?

Mr. SELECMAN. June, July, and August, as a rule.

Mr. MILLER. During the other months of the year does the consumer benefit by reason of the association?

Mr. SELECMAN. I think so. I think it keeps the price of milk up.

Mr. MILLER. How much capital have you invested?

Mr. SELECMAN. I didn't bring any of those figures. This is something new to me. I didn't bring anything at all. I could get it for you.

Mr. MILLER. You are doing business as a partnership with your brother?

Mr. SELECMAN. With my uncle.

Mr. MILLER. You have no idea what capital you have invested?

Mr. SELECMAN. No, sir; I couldn't tell you offhand.

Mr. MILLER. Do you know what net profit you made last year?

Mr. SELECMAN. No, sir. I have it all down there, but I didn't bring it with me.

STATEMENT OF JULIUS MARCEY.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. State your name and place of business.

Mr. MARCEY. Julius Marcey; 1240 Twenty-eighth Street.

Mr. MILLER. What volume of business do you do a day?

Mr. MARCEY. I handle about 150 gallons a day.

Mr. MILLER. How many producers do you buy from?

Mr. MARCEY. Five.

Mr. MILLER. Where do those five men have their farms?

Mr. MARCEY. Three of them at Herndon, Va.; H. L. White—

Mr. MILLER. Never mind their names.

Mr. MARCEY. And two from Maryland.

Mr. MILLER. Do you fix a price with them by written or verbal contract?

Mr. MARCEY. Verbal contract.

Mr. MILLER. Is it based on the price determined upon by the Maryland & Virginia Milk Producers' Association?

Mr. MARCEY. Yes, sir.

Mr. MILLER. Do you receive a notice from the association telling you what the price will be?

Mr. MARCEY. I do.

Mr. MILLER. And you always follow that price?

Mr. MARCEY. Always; yes, sir.

Mr. MILLER. You heard what the previous witness just said. Do you think the association tends to keep the price of milk higher in the summer months?

Mr. MARCEY. Well, in certain months I think they could make it cheaper than they could in other months. You take in the beginning of the season when grass is plentiful and they don't have to feed so much, they could produce milk cheaper than they could along in August and September, when grass gets short.

Mr. MILLER. You think you are paying too much for milk during the summer months, which means the consumer is paying more, but you have no milk producers you could go to and get milk at a price you think is fair?

Mr. MARCEY. No, sir.

Mr. MILLER. In other words, this association absolutely controls the price of milk in the District of Columbia?

Mr. MARCEY. From what I get, I think so.

Mr. MILLER. Can you tell the committee how much you have invested in your business?

Mr. MARCEY. Well, I will tell you. I haven't brought a statement up here. It is so little it is hardly worth while. I don't suppose I have over \$1,500 invested. I just do a milk business. I don't do pasteurizing or anything like that.

Mr. MILLER. If you haven't any figures at hand, I will not pursue that any further.

Mr. MARCEY. No, sir; I haven't the figures with me.

STATEMENT OF WILLIAM A. SIMPSON.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. State your full name and place of business.

Mr. SIMPSON. William A. Simpson; 530 Seventh Street SE. That is the distributing plant in Washington.

Mr. MILLER. Are you engaged in the retail or the wholesale business?

Mr. SIMPSON. Wholesale principally.

Mr. MILLER. You have a small retail trade?

Mr. SIMPSON. There is a little, but such a little that it does not count for anything.

Mr. MILLER. You were formerly a retailer?

Mr. SIMPSON. Yes, sir.

Mr. MILLER. What is the volume of the wholesale business you do?

Mr. SIMPSON. Between 4,000 and 5,000 gallons daily.

Mr. MILLER. How many producers do you buy from?

Mr. SIMPSON. Something like 325.

Mr. MILLER. Are they members of the Maryland and Virginia Producers' Association?

Mr. SIMPSON. They may be; I don't know. I think some of them are.

Mr. MILLER. Do you have any written or verbal agreement with them as to the price they will sell you milk for?

Mr. SIMPSON. No written agreement. It is verbal. I say "No written agreement." I sent a notice last spring what I would pay for this summer. Other than that, we have not.

Mr. MILLER. How do those prices you give them compare with the prices given by the Milk Dealers' Association?

Mr. SIMPSON. That price is at the receiving station. I have no direct shipping this year. I haven't had since last year. What I mean by "direct shipping" is milk that is shipped by other dealers direct into Washington.

Mr. MILLER. You operate three receiving stations at Frederick Md.; Monrovia, Md.; and Remington, Va.?

Mr. SIMPSON. Yes, sir.

Mr. MILLER. Then you can not furnish the committee with information so we can compare those prices? You know what it is when it is delivered here. Can't you give us some idea what the prices are?

Mr. SIMPSON. Our price at Frederick and Monrovia for the season will average \$3 per hundred pounds, which is about 25 cents a gallon for the milk laid down at the plant. That is for the summer months.

Mr. MILLER. And it costs you about 3 cents a gallon to get it to Washington?

Mr. SIMPSON. A fraction over 3 cents.

Mr. MILLER. That makes about 29 cents per gallon.

Mr. SIMPSON. Twenty-eight something. We ship in refrigerator cars and ice the cars ourselves, besides the handling of the milk at the plant.

Mr. MILLER. Then you are able to ultimately pay less for your milk from the producer than the other dealers in Washington?

Mr. SIMPSON. It is a question whether it is any cheaper or not in the long run, because the shipper has no cans to furnish other than they bring them in to the plant. We furnish all shipping cans for shipping over the railroad, and if there is any loss in the way of sour milk after it is received there, it is our loss and not the shippers.

Mr. MILLER. Tell the committee the names of any other wholesalers who do their business without relying on the Maryland and Virginia association.

Mr. SIMPSON. I don't know that there are any. I may be relying on them more than I think I am. The reason I say that, I had a run-in with them last spring.

Mr. MILLER. Are you at liberty to say what caused the run-in? Was it anything that would be of interest in this investigation?

Mr. SIMPSON. Yes; I think it is of great interest. I cut the price at Frederick the 1st of March and also cut it here 4 cents a gallon, and the secretary of the association, who testified here, came down and jumped all over me about it and accused me of cutting prices. I told him that he was wrong all the way around. One word brought on another and we had a very hot discussion and I ordered him out of the place. To get back at me he went to Frederick and started a rumpus among my producers, to boycott me, but they never got anywhere with it.

Mr. MILLER. In other words, you managed to hold your producers and supply your trade here in Washington?

Mr. SIMPSON. Yes, sir.

Mr. MILLER. Do you think the methods of the association tend to keep the price of milk up here in Washington?

Mr. SIMPSON. I know it, and I had evidence of it, but that evidence is destroyed. That was the first year they organized, in 1916, or when they reorganized, rather.

Mr. MILLER. Does it cause the price of milk to be higher during the summer months, as has been testified to by other witnesses?

Mr. SIMPSON. I would say, yes.

Mr. MILLER. Can you give any other points in regard to this association that would be of interest to the committee?

Mr. SIMPSON. In the fall of 1916 the distributors had been paying 21 and 22 cents a gallon for their milk to the producers. I

remember distinctly one man I had paid 21 cents a gallon to in the winter of 1915. He wrote me a letter, which I got on a Tuesday, the feed was so high he would have to ask 22 cents a gallon for milk. I sent him a letter and told him that would be all right. I guess before he got my letter I had another one from him, saying "We producers have organized, and we want 24 cents a gallon for our milk this winter." None of us bought any milk for less than 24 cents that I know of. There has been an upward trend right straight along.

Mr. MILLER. You are holding your own and have a good business in spite of the fact that you are not in accord with this association?

Mr. SIMPSON. I am.

Mr. MILLER. You can't give the names of any other dealers that have had similar experiences with the association?

Mr. SIMPSON. No, sir.

Mr. MILLER. How much capital have you invested?

Mr. SIMPSON. About \$80,000, I think the accountant told me yesterday.

Mr. MILLER. What kind of a firm or partnership is it?

Mr. SIMPSON. It is an incorporated business since January 1, 1919.

Mr. MILLER. Does it represent cash actually paid in?

Mr. SIMPSON. Well, it was a business that I had built up from year to year—been at it 30 years—and I just summed it up and incorporated it at \$100,000, and I will say it is about all there.

Mr. MILLER. You can't tell us how much cash was actually paid in?

Mr. SIMPSON. No; anything more than you might say all the money I ever made.

Mr. MILLER. Have you any data to show your volume of business the past three years and your profit?

Mr. SIMPSON. Just last year and the year before. Not the volume of business the year before.

Mr. MILLER. Will you submit that to the committee?

Mr. SIMPSON. I will be glad to submit it. My total sales for 1918 were \$679,344.11. I had a net profit of \$22,236.21, out of which a income tax and excess-profit tax of \$8,482.42 was paid, leaving a net income of \$13,753.73. The percentage of profit before deducting the income tax as compared to total sales was 3.27 per cent. The percentage of profit after deducting the income tax was 2.024 per cent. Up to June 30, 1919, for the six-month period, the total sales were \$349,532.39 and the net profits were \$5,744.20; the per cent of profit 1.64.

(The statement was marked "Exhibit A," and is as follows:)

EXHIBIT A.

Total sales year 1918, \$679,344.11; net profit, \$22,236.21, out of which a income tax and excess-profits tax of \$8,482.48 was paid, leaving a net income of \$13,753.73.

Percentage of profit before deducting income tax as compared to total sales 3.27.

Percentage of profit after deducting income tax compared to total sales 2.024.

Business up to June 30, 1919 (six-month period): Total sales, \$349,532.39; net profits, \$5,744.20.¹ Per cent of profit compared to total sales, 1.64.

¹ Subject to income and excess-profits tax.

Statement of Walker Hill Dairy (Inc.) for year ending December 31, 1918.

Gross sales, less return and allowances.....	\$879,344.11	
Cost of milk used.....	448,443.82	
		\$230,900.29
Expense:		
Operating expenses.....	147,939.84	
Sundries.....	5,015.56	
Exhaustion, wear and tear.....	24,163.18	
Repairs.....	11,850.40	
Salaries.....	19,705.00	
		208,673.98
Net income for year.....		22,226.31
Income tax, 1918.....		8,482.48
Net income.....		13,743.83
Total sales.....		679,344.83
Number of gallons sold.....		1,258,625
Average income per gallon.....		\$0.535
Average cost per gallon.....		.355
Average expense per gallon.....		.165
Income tax per gallon.....		.005
		.525
Net income per gallon.....		.01
Percentage of profits on sales.....		2

Mr. MILLER. I have no further questions, unless the gentleman has something he wishes to add.

Mr. SIMPSON. I don't know that I have. I am willing to answer anything you desire.

Chairman BALL. That will conclude the hearing for to-day. It will be continued to-morrow at 2 o'clock. We will have the wholesale grocers, coffee roasters, and bakers.

(Whereupon at 4.15 p. m. the committee adjourned until to-morrow, Wednesday, August 20, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

WEDNESDAY, AUGUST 20, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE
ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the Committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Present also: Mr. Thomas W. Miller.

(Chairman BALL. The committee will now come to order. We will first hear Mr. W. T. Shea.

**TESTIMONY OF MR. W. T. SHEA, REPRESENTING N. H. SHEA,
632 PENNSYLVANIA AVENUE NW.**

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Shea, give your full name and place of business, as well as the name of the firm which you represent.

Mr. SHEA. William T. Shea; representing the firm of N. H. Shea, 632 Pennsylvania Avenue NW.

Mr. MILLER. Is it incorporated or unincorporated?

Mr. SHEA. It is unincorporated and is run as a part of the estate of N. H. Shea.

Mr. MILLER. What amount of capital is invested in your business?

Mr. SHEA. Approximately \$71,000. I must give approximate figures because my bookkeeper is on his vacation. I think they are fairly correct.

Mr. MILLER. That represents cash actually paid in?

Mr. SHEA. That represents stock and equipment. In addition to that there are the buildings and grounds, making approximately \$50,000 to be added to that, or a total with the building and grounds of \$121,000.

Mr. MILLER. Do you own your building?

Mr. SHEA. Yes, sir.

Mr. MILLER. Do you sell for cash or credit?

Mr. SHEA. Both.

Mr. MILLER. What proportion of your business is a credit business?

Mr. SHEA. I can not say accurately.

Mr. MILLER. Generally speaking, can you give us the proportion?

Senator SHEPPARD. Is it as much as 50 per cent?

Mr. SHEA. Oh, no; 25 per cent, or less.

Chairman BALL. A large part of it is credit?

Mr. SHEA. I would say that approximately 25 per cent is credit business. I think that is about correct.

Mr. MILLER. What stocks have you carried since the year 1914?

Mr. SHEA. Since 1914?

Mr. MILLER. In other words, what have you been dealing in since 1914?

Mr. SHEA. Dry groceries.

Mr. MILLER. In order that the committee may have the information in the record please call off what they are.

Mr. SHEA. We were in the wholesale liquor business as well until that went out of fashion.

Mr. MILLER. Go back to my previous question and call off the various commodities.

Mr. SHEA. Canned goods, cereals, and all such goods as are handled in the wholesale grocery business.

Mr. MILLER. Have you a list that you can let the committee have?

Mr. SHEA. No.

Senator SHEPPARD. Do you handle meats?

Mr. SHEA. No meats; only dry groceries.

Senator SHEPPARD. All articles of food other than meats?

Mr. SHEA. Outside of meats, fresh vegetables and fruits; what is generally known as strictly a wholesale grocery business.

Mr. MILLER. We want that information in, because the average person reading the testimony may not know what dry groceries are. Can you give us the range of food prices for various foodstuffs from 1914 to 1919?

Mr. SHEA. I can give them from 1916 to 1919.

Mr. MILLER. Just let me see that memorandum before you begin to read it into the record.

Mr. SHEA. This shows what the different articles cost me in the fall of three years.

Mr. MILLER. All right; just read those off to the committee.

Mr. SHEA. These are what are known as A-1 peas: In the fall of 1916 cost \$1.50; in 1917, \$1.75; in 1919, \$2. What are known as extra-sifted peas for the year 1916 cost \$1.30; in 1917, \$1.50; and in 1919, \$1.80. Standard corn in 1916 cost \$0.70; in 1917, \$0.95; and in 1919, \$1.40; String beans in 1916 cost 72½ cents; in 1917, 99 cents; and in 1919, \$1.40.

Chairman BALL. I notice that you do not give any figures for the year 1918. Were the prices lower or higher then?

Mr. SHEA. They were a little higher I think. I did not have them when I made out this list. They went up gradually. Tomatoes in 1916 cost 80 cents; in 1917, \$2.11; and in 1919 they are averaging around \$1.60. They have priced the surplus Army tomatoes, I believe, at \$1.57½, but the best tomatoes are worth about \$1.75.

Mr. MILLER. I notice that you have only a few of your commodities there, and you sell hundreds of articles. Is that just to illustrate the general increase?

Mr. SHEA. Those are the standard articles.

Mr. MILLER. Can you state that practically all of the hundreds of articles that you sell have increased proportionately?

Mr. SHEA. I think so; yes.

Mr. MILLER. Have any decreased that you know of?

Mr. SHEA. Tomatoes show a decrease for the past two years.

Mr. MILLER. Do any other articles show a decrease?

Mr. SHEA. No; I do not know of any others.

Mr. MILLER. From what sources do you obtain these supplies?

Mr. SHEA. Most of these canned goods come from the surrounding country of Maryland and Virginia and New York.

Mr. MILLER. Where do you get your other groceries?

Mr. SHEA. The manufactured goods from wherever they are manufactured, almost entirely in the East.

Mr. MILLER. Do you buy them outright or do you sell any of them on a commission basis?

Mr. SHEA. Outright.

Mr. MILLER. Nothing is done on a commission basis?

Mr. SHEA. Nothing at all.

Mr. MILLER. Do you sell to the trade in other places than in the District of Columbia?

Mr. SHEA. In an almost negligible amount; not to the trade at all; some few farmers in the surrounding country.

Mr. MILLER. How many retailers, approximately, are doing business with you?

Mr. SHEA. Well, I never figured that. I suppose between 50 and 60, possibly more.

Mr. MILLER. Do you do any retail trade whatsoever with the consumer?

Mr. SHEA. Yes; we do.

Mr. MILLER. How much of you total business, then, is retail trade direct with the consumer?

Mr. SHEA. About 25 or 30 per cent.

Mr. MILLER. Do you make deliveries?

Mr. SHEA. Yes, sir.

Mr. MILLER. How much of your trade is dependent upon your delivery service?

Mr. SHEA. Almost all of it, I should say 80 per cent of it.

Mr. MILLER. If you did not have that delivery service, you would probably lose that much trade?

Mr. SHEA. I would lose that much trade and save money. That is the most expensive item in the business.

Mr. MILLER. I am coming to that. What is the approximate cost of your delivery service per month, say, or if you have not it in that detail, how much is it annually?

Mr. SHEA. I do not know.

Mr. MILLER. You have not any idea?

Mr. SHEA. No; I have not figured it.

Mr. MILLER. Well, how many trucks do you operate?

Mr. SHEA. Two.

Mr. MILLER. Do you operate any horse-drawn vehicles?

Mr. SHEA. None.

Mr. MILLER. How many men do you employ exclusively for your delivery trucks?

Mr. SHEA. Four; two on each truck.

Mr. MILLER. What is the total number of your employees?

Mr. SHEA. I think 11 or 12. I can figure it up.

Mr. MILLER. Can you give us your average weekly pay roll?

Mr. SHEA. I can give the average for 1917 and 1919. I figure 17 weeks during each of those two years.

Mr. MILLER. After you figure that out just give it to us for the record.

Mr. SHEA. I can say that for those 17 weeks from January 1, 1917 the pay roll was approximately \$2,900. For an equal number of weeks in 1919 it was \$4,600. Those figures may be off somewhat, but I think they are fairly close.

Mr. MILLER. Have you any information that will enable you to give the committee your gross sales yearly from 1914 on?

Mr. SHEA. Not from then on.

Mr. MILLER. Can you give us the gross sales in any year so we can bring it from that year down to 1918, and then we want your net profits for those years.

Mr. SHEA. I can only give you 1918. That was the year I took over the business.

Mr. MILLER. Well, let us have your gross sales for 1918, your total volume of business, and your net profits on that amount.

Mr. SHEA. It was about \$415,000 gross sales.

Mr. MILLER. And your net profits?

Mr. SHEA. About \$8,000.

Mr. MILLER. You mean that \$8,000 is what you had over and above all expenses and after the income tax was deducted?

Mr. SHEA. Yes; but to come out with that \$8,000 you must allow me something for rent on the building, which I did not charge off. It was a considerable item which reduces the net profit very much.

Chairman BALL. Can you not give us your profits before you paid your income tax, because that is a direct tax on your profits?

Mr. SHEA. No; I can not. I have not the figures.

Mr. MILLER. Can you give the committee a comparative statement as to your cost of operation and the raw materials handled last year?

Mr. SHEA. No; I can not. I was in the Army most of last year.

Mr. MILLER. Who handled your business?

Mr. SHEA. Mr. Corcoran.

Mr. MILLER. Is he here with you?

Mr. SHEA. No.

Mr. MILLER. If he were here could he give that information?

Mr. SHEA. No; he could not. I was handling my part in the Army as well as running this business on the side.

Mr. MILLER. Are you aware of any increase in your cost of operation last year due to an increased cost of labor?

Mr. SHEA. Very much. I have already identified that. There was a tremendous increase.

Mr. MILLER. You do not do any renting, of course?

Mr. SHEA. No; we own our building.

Mr. MILLER. Has your cost of delivery gone up since last year?

Mr. SHEA. Oh, yes; that is affected by labor on the trucks and repairs to the trucks, which have very much increased.

Mr. MILLER. Have you been put to any additional expense due to increases in cost of packing your goods?

Mr. SHEA. No; we do not pack them.

Mr. MILLER. Is it true that within the last few months your business has resulted in a loss rather than a profit?

Mr. SHEA. Yes, sir.

Mr. MILLER. Can you state briefly to the committee the cause of that?

Mr. SHEA. The sudden falling off of business. We did almost twice as much business in the year 1918 as we had been accustomed to on account of the surrounding camps, and the increase of people in Washington. After the armistice, it dropped flat. The months of January and February were as small as the usual slow months in the middle of summer. In addition to that we had large stocks that were gotten to take care of the demand that was created by the people coming to Washington. That was left on our hands.

Chairman BALL. Your profits will be less this year than they were last year?

Mr. SHEA. I am afraid I will not have any profit this year. I have shown a loss for the first six months.

Chairman BALL. Yet the prices have continued about the same as they were last year, or a little less?

Mr. SHEA. Well, they are approximately the same, but we have not increased our margin of profit to take care of the increase in the cost of labor, so that the increase in labor has come out of the profits of the business.

Chairman BALL. Your labor cost has increased this year over last year, has it?

Mr. SHEA. It began to increase about a year ago.

Senator SHEPPARD. What margin do you figure on?

Mr. SHEA. Gross, about 10 per cent.

Mr. MILLER. How much difference will there be in your business due to the fact that you are not to continue any longer the liquor end of it?

Mr. SHEA. That happened almost two years ago. It made a big difference at the time, and then war came immediately and brought the gross sales up to almost what they were before, but the margin of profit in groceries is nothing like it was in wholesale liquor.

Senator CAPPER. What goods do you handle that have been reduced in price in the last month or two?

Mr. SHEA. Tomatoes are the only ones that I can think of.

Senator CAPPER. Others are running about the same?

Mr. SHEA. About the same. Some have increased a little. Coffee has steadily increased in the last few months.

Senator CAPPER. How about sugar?

Mr. SHEA. Sugar is about the same.

Senator CAPPER. Is there plenty of sugar now?

Mr. SHEA. No; there is not.

Mr. MILLER. Will it be possible for you to give the committee a list of your customers and a list of your prices for the last few months?

Mr. SHEA. It will be possible to furnish such a list next week upon the return of my bookkeeper.

Mr. MILLER. Can you not get such lists to the committee by Friday of this week?

Mr. SHEA. I can give you the list of customers. What was the other list you wanted?

Mr. MILLER. A list of your prices?

Mr. SHEA. Yes. How complete would you want that list? You would not want every item in the business?

Mr. MILLER. No; just your standard articles.

Senator CAPPER. Where do you buy most of your goods?

Mr. SHEA. Most canned goods are bought in the surrounding territory of Maryland, Virginia, and Delaware.

Senator CAPPER. Where do you buy your groceries?

Mr. SHEA. The sugar comes from Philadelphia, mostly; flour is bought locally, but, of course, it comes from the western mills.

Senator CAPPER. Do you find any competition in those goods? Do they make you comparative prices, or is it difficult to get your goods at any price?

Mr. SHEA. Things are principally sold by the label, so that competition is not so keen.

Senator CAPPER. These wholesalers and jobbers, are they after your trade in a way that shows that there is real competition?

Mr. SHEA. We do not buy from the wholesalers and jobbers. We buy direct from the mill or manufacturer.

Senator CAPPER. Do they seem to be out for the business?

Mr. SHEA. Oh, yes; they are pretty keen on business.

Senator CAPPER. They have salesmen out, do they, who come to see you?

Mr. SHEA. There are local brokers that represent, perhaps, five or six, and possibly more, manufacturers. They sell on a commission basis.

Senator CAPPER. Local brokers here in Washington?

Mr. SHEA. Yes.

TESTIMONY OF ABRAHAM LIEBMAN, REPRESENTING LIEBMAN BROS., 474 PENNSYLVANIA AVENUE NW.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you give your full name and place of business?

Mr. LIEBMAN. Abraham Liebman, 474 Pennsylvania Avenue NW.

Mr. MILLER. Is your firm a partnership?

Mr. LIEBMAN. A partnership, Liebman & Bros.

Mr. MILLER. What amount of capital is represented?

Mr. LIEBMAN. Between \$80,000 and \$90,000.

Mr. MILLER. Have you increased your amount of capital in the last few years?

Mr. LIEBMAN. If there are any increases, our earnings always remain in the business.

Mr. MILLER. Do you own or rent your place of business?

Mr. LIEBMAN. We rent it.

Mr. MILLER. Do you rent your whole place?

Mr. LIEBMAN. Yes, sir.

Chairman BALL. Did you say your earnings went back into the business?

Mr. LIEBMAN. Whatever money accumulates we let it remain in the business. We never draw it out.

Chairman BALL. What was your original capital?

Mr. LIEBMAN. We started some 20 years ago.

Chairman BALL. With what capital?

Mr. LIEBMAN. About \$8,000 or \$10,000, I would say.

Chairman BALL. How much do you think you have invested now?

Mr. LIEBMAN. Between \$80,000 and \$90,000, I think.

Chairman BALL. That increase is entirely due to the fact that you have left the surplus earnings in the business?

Mr. LIEBMAN. Yes, sir.

Mr. MILLER. You say you rent your place of business? From whom do you rent it?

Mr. LIEBMAN. I rent it from a Mr. Plugge.

Mr. MILLER. What real estate firm?

Mr. LIEBMAN. He is connected with the Washington Tobacco Co. They own the building.

Mr. MILLER. Have you had to renew your lease recently?

Mr. LIEBMAN. No, sir.

Mr. MILLER. When was your last lease on the property renewed?

Mr. LIEBMAN. We moved in the present location and have been in there about six or seven years. We had a lease for five years, but it has been running along at the same rent; there has been no change.

Mr. MILLER. You have not received any notice about a raise in your rental?

Mr. LIEBMAN. No, sir.

Chairman BALL. You say you have been letting these profits stay in the business. What salaries do you and your brother take out?

Mr. LIEBMAN. We have been drawing our salaries and we have gradually increased our salaries as we went along.

Chairman BALL. What was your salary last year?

Mr. LIEBMAN. About \$10,000 each.

Chairman BALL. How much do you think you increased your money invested last year?

Mr. LIEBMAN. Do you mean how much did we make net in the year?

Chairman BALL. Yes; that is what I am trying to figure out, but I did not know whether you could give it or not when you are leaving your profits in the business.

Mr. LIEBMAN. Our business last year, was, to the best of my knowledge, \$510,000. It showed a gross profit of \$56,000, and an expense against it of about \$46,000. That left us about \$10,000.

Chairman BALL. What did you say your expense were?

Mr. LIEBMAN. About \$46,000.

Chairman BALL. That included your salary and the salary of your brother?

Mr. LIEBMAN. Yes, sir.

Chairman BALL. What became of the other \$40,000 which was left in the business?

Mr. LIEBMAN. \$56,000 was the gross earnings and \$46,000 the expenses.

Chairman BALL. That left a clear profit of \$10,000.

Mr. LIEBMAN. About \$10,000. Then we had to pay an income tax.

Chairman BALL. Your income tax was paid on what amount?

Mr. LIEBMAN. We paid about \$4,000 on the amount that we had to pay. A lawyer figured it up for us.

Chairman BALL. Are you incorporated?

Mr. LIEBMAN. No, sir.

Chairman BALL. Did you pay the income tax personally, or did you pay it on the firm? You drew out a salary of \$10,000, you and your brother each?

Mr. LIEBMAN. We paid income tax on both, on individual drawing, and on the business.

Mr. MILLER. What stocks have you carried on hand since the year 1914?

Mr. LIEBMAN. Dry groceries. No vegetables or meats; only dry groceries.

Senator SHEPPARD. Have you a list of them there?

Mr. LIEBMAN. No; I have not.

Senator SHEPPARD. Name some of them.

Mr. LIEBMAN. Well, canned goods, cereals, spices; everything that make up dry groceries.

Mr. MILLER. From what source do you obtain those supplies?

Mr. LIEBMAN. We get them direct from the packers and manufacturers.

Mr. MILLER. Do you sell to trade other than in the District of Columbia?

Mr. LIEBMAN. We have a small trade outside of the District, a small trade in the surrounding towns, like Hyattsville and Riverdale but the volume of business is very small outside of the District.

Mr. MILLER. What proportion of your business is a credit business?

Mr. LIEBMAN. About 90 per cent or more.

Mr. MILLER. Ninety per cent or more is credit?

Mr. LIEBMAN. Yes, sir.

Mr. MILLER. How much of that do you have to cross off for bad debts?

Mr. LIEBMAN. In some years there would be \$2,000 or \$3,000, but in the first year or two there was not so much.

Mr. MILLER. Do you do any retail business?

Mr. LIEBMAN. No, sir.

Mr. MILLER. None whatever?

Mr. LIEBMAN. None whatever.

Mr. MILLER. How many customers have you?

Mr. LIEBMAN. I can not say off hand, probably 300 or 400 or more.

Mr. MILLER. Can you get up a list of your customers for the committee and have it here by Friday?

Mr. LIEBMAN. I think I can get it and have it by Friday.

Mr. MILLER. Can you give us a price list of your standard articles?

Mr. LIEBMAN. I can give you a price list of my standard articles.

Mr. MILLER. Can you have it here for the committee by Friday morning?

Mr. LIEBMAN. Yes, sir.

Mr. MILLER. Do you have a delivery service?

Mr. LIEBMAN. Yes, sir.

Mr. MILLER. How much does that cost you?

Mr. LIEBMAN. We have two trucks. It is hard to say offhand what the trucks cost. The repairs on some of them are pretty high at times. We have two drivers on each truck.

Mr. MILLER. Can you give us, approximately, the cost of your delivery service?

Mr. LIEBMAN. I would say it would run about \$400 a month or something like that.

Mr. MILLER. If you did not have that delivery service, would you lose some of your trade?

Mr. LIEBMAN. It looks that way; yes, sir.

Mr. MILLER. What?

Mr. LIEBMAN. We would not have any.

Mr. MILLER. Do you mean to say that if you did not have that delivery service you would lose all your trade?

Mr. LIEBMAN. Practically all, because most of them want their goods delivered.

Mr. MILLER. You gave to the committee a while ago your volume of business and the profits for the year 1918. Can you give us that information for any years previous to 1918?

Mr. LIEBMAN. I have not got that information here.

Mr. MILLER. You can not give us any figures for previous years, then?

Mr. LIEBMAN. No.

Mr. MILLER. I understand that your profits are smaller this year than in previous years, due to the increased cost of labor?

Mr. LIEBMAN. Well, last year our profits were not large. I suppose they averaged about 11 or 12 per cent. A lot of goods we bought this year declined after we bought them. After the armistice was signed quite a number declined. We had a lot of canned goods on which the prices declined.

Mr. MILLER. Have your labor costs gone up since last year?

Mr. LIEBMAN. They have been gradually advancing right along.

Senator SHEPPARD. Have you lately raised the compensation of the people who are working for you?

Mr. LIEBMAN. Yes. We have a girl to whom we used to pay \$12 and we are paying her now \$35. We paid one employee previously \$15 that we now pay \$27.50. When we can get good help we do not let them go for any price. They are hard to get.

Mr. MILLER. You have already testified that your rents have not gone up.

Mr. LIEBMAN. Our rent has been the same with the exception that in the last couple of years we rented an additional wareroom that we did not have previously.

Mr. MILLER. And your delivery service is costing you more?

Mr. LIEBMAN. It has cost us more in the last year or two.

Mr. MILLER. Then, the increased cost in your operation is due to the increased cost of labor and the increased cost of your delivery service?

Mr. LIEBMAN. Everything in the business—stationery—everything that is connected with the business has advanced in proportion. Take the towel service. It used to cost 75 cents a month. The towel man comes in and says he can not give that service under 2.50 a month. Everything has increased in proportion.

Senator SHEPPARD. Everything except rents.

Mr. LIEBMAN. All except rents. Our rents have not increased. We have a good landlord. He has been kind of easy on us.

Mr. MILLER. Do you sell on a commission basis or buy outright?

Mr. LIEBMAN. We buy outright and sell the same way; no commission.

Mr. MILLER. Have you noticed in the course of looking over prices that the retailer gives that they are charging much higher for goods than that you have sold them?

Mr. LIEBMAN. No; the competition is great around town. It does not leave the retailer much margin. We have a great many chain stores around town. They sell goods very close, and the retailers have to follow suit or they will not do any business.

Mr. MILLER. Do you think there is a condition that might show that there are too many retailers in Washington doing business?

Mr. LIEBMAN. There are a good many in Washington, but whether there are too many or not I am not able to state. There seems to be a big increase in the population, and all the retailers are doing a larger volume of business, but that is probably due to the higher cost of merchandise, which increases their volume.

Senator SHEPPARD. What margin of profit do you generally figure on?

Mr. LIEBMAN. Between 12 and 15 per cent to come out right and make a little money.

Senator CAPPER. Is that the percentage you have been charging right along for the last five years?

Mr. LIEBMAN. It is about the same percentage. We add on 10 or 12 per cent; on some goods only 1 or 2 per cent.

Senator CAPPER. During the war you did not increase that percentage?

Mr. LIEBMAN. No; we did not increase it during the war. We had a lot of merchandise during the war. We generally sell it at a fixed margin of profit.

Senator CAPPER. The volume of business last year was the largest you have ever had?

Mr. LIEBMAN. It was.

Senator CAPPER. Your profits were also larger last year?

Mr. LIEBMAN. I would not state that.

Senator SHEPPARD. Whether he pays more or less, he figures on a certain percentage of profit on the goods.

Chairman BALL. Do you lose any money through bad debts?

Mr. LIEBMAN. We lost money. Naturally, when you give credit you have to lose some.

Chairman BALL. What percentage do you lose?

Mr. LIEBMAN. They have run anywhere from a half to 1 per cent.

Senator SHEPPARD. Where do you get your canned goods?

Mr. LIEBMAN. From the different packers, all through the country.

Senator SHEPPARD. Do you get them from the country around here?

Mr. LIEBMAN. We get some from Maryland and some from New York and Delaware, wherever we can buy to the best advantage.

Senator SHEPPARD. Do any of the farmers do their own canning?

Mr. LIEBMAN. I am not able to state that.

Senator SHEPPARD. You do not buy any canned goods from farmers?

Mr. LIEBMAN. I do not. There might be such farmers, but I do not know. I remember that last year I bought 1,000 cases of tomatoes from a canner down on the Potomac. I do not know whether he grows any farm stuff or not.

TESTIMONY OF MR. FRANK N. HUME, REPRESENTING FRANK HUME (INC.), 454 PENNSYLVANIA AVENUE NW.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Hume, will you give your name and place of business?

Mr. HUME. Frank N. Hume. I am the manager of Frank Hume (Inc.), 454 Pennsylvania Avenue.

Mr. MILLER. Your firm is incorporated?

Mr. HUME. Yes, sir.

Mr. MILLER. What is the amount of capital?

Mr. HUME. \$100,000 capital stock.

Mr. MILLER. When was it incorporated?

Mr. HUME. In 1907.

Mr. MILLER. For that same amount?

Mr. HUME. Yes; \$100,000.

Mr. MILLER. Does that represent cash actually paid in?

Mr. HUME. It represented at that time cash actually paid in. At the beginning of 1918 it was \$131,000. That included surplus, and so forth.

Mr. MILLER. Do you own your place of business?

Mr. HUME. We rent it from Mrs. Hume; my mother.

Mr. MILLER. Has any increase in rent taken place in the last few years?

Mr. HUME. No.

Mr. MILLER. Do you do a cash or a credit business?

Mr. HUME. Ninety per cent of our business is credit.

Mr. MILLER. Do you do any retail business?

Mr. HUME. Practically none. We used to do some retail business, but we had to practically cut it out; it cost too much to do it, to tell you the truth; we found it did not pay us.

Mr. MILLER. Can you give us the volume of business you have done in the last few years, together with your net profits? Before you read that memorandum just let me look at it to see what it is.

(The memorandum produced by Mr. Hume, marked "Exhibit A," is copied into the record in full, as follows:)

EXHIBIT A.

[Frank Hume (Inc.), 454 Pennsylvania Avenue, NW.]

	1914	Per cent of sales.	1915	Per cent of sales.	1916	Per cent of sales.
Capital and surplus.....	\$110,030.02	.....	\$108,742.51	.....	\$107,726.15	.....
Sales.....	392,175.76	.....	370,031.61	.....	390,121.12	.....
Gross profit.....	40,595.85	10.3	35,560.86	9.6	41,767.63	10.7
Expenses.....	41,853.36	10.7	36,577.22	9.9	36,441.78	9.4
Net profit.....	1,287.51	.4	1,106.56	.3	5,325.85	1.3

	1917	Per cent of sales.	1918	Per cent of sales.	Comparison, 1914 and 1918.	
					Increase.	Decrease.
Capital and surplus.....	\$113,052.00	.....	\$131,612.56	.....	\$21,563.54	.....
Sales.....	480,323.06	.....	559,115.20	.....	167,839.44	.....
Gross profit.....	61,803.87	12.7	58,291.05	10.4	17,695.20	.....
Expenses.....	43,242.31	8.8	47,152.54	8.4	5,269.18	.....
Net profit.....	18,561.56	3.9	11,138.51	2.0	12,426.02	.....

Italic figures indicate loss.

Recapitulation of expenses.

	1914	1915	1916	1917	1918	Comparison, 1914 and 1918.	
						Increase.	Decrease.
Allowances.....	\$238.46	\$265.73	\$283.01				\$238.46
Bad debts.....	9,059.64	3,641.05	1,660.02	\$3,793.67	\$2,566.86		6,491.98
Court expenses.....	840.45	442.64	158.26	317.65	2.10		538.35
Garage.....	2,908.18	3,035.93	3,745.18	6,009.41	6,020.88	\$ 3,112.70	
Miscellaneous.....	8,678.59	8,449.34	7,695.50	6,996.91	7,607.94		1,670.65
Interest.....				1,110.17	291.86		
Taxes.....	450.00	505.00	1,370.53	2,139.04	3,241.79	2,791.79	
Insurance.....	679.00	726.06	1,453.63	836.12	1,046.46	367.46	
Pay roll.....	16,832.38	16,109.03	15,485.94	18,488.08	24,416.55	7,584.17	
Stable expenses.....	1,238.25	1,134.95	1,364.66	992.73			1,238.25
Depreciation.....	898.06	2,049.65	4,198.63	2,448.4	1,956.10	1,060.04	
Telephone.....	61.15	220.84	216.39	126.14			61.15
Total.....	41,883.36	36,577.22	36,441.73	43,242.31	47,152.54	15,208.02	9,938.44

Mr. MILLER. Just give the committee the volume of business as far back as 1914, and as you give the volume of business for each year give your net profits.

Mr. HUME. In 1914 our sales amounted to \$392,175.76. We had a loss of \$1,287.51. In 1915 our sales amounted to \$370,031.61. We showed a loss of \$1,016.36 that year.

In 1916 our sales were \$389,000 and we showed a profit that year of \$5,325. In 1917 our sales were \$486,823 and we showed a profit of \$18,561. In 1918 our sales amounted to \$559,115 and we showed a net profit of \$11,138.

Mr. MILLER. In the years 1914 and 1915 you showed a loss. Kindly tell the committee what you charged against your gross profits, what salaries, for instance, you charged?

Mr. HUME. The total expense?

Mr. MILLER. Yes.

Mr. HUME. The total expense in 1914 was \$41,883, but included in that was an item of \$9,000 for bad debts. We had a very bad year. Everything was moving down and we lost \$9,000 in bad debts.

Chairman BALL. That was the cause of your loss?

Mr. HUME. Yes. Otherwise, it would have shown about \$8,000 profit that year.

Senator SHEPPARD. Were your salaries included in that expense account?

Mr. HUME. Yes; salaries and losses.

Mr. MILLER. Now give us the same explanation for the year 1915.

Mr. HUME. The expenses for the year 1915 amounted to \$36,577.22.

Chairman BALL. What were your losses in that year for bad debts?

Mr. HUME. \$3,641.05.

Chairman BALL. It still showed about \$3,500. How many officers are there in the company?

Mr. HUME. There are three officers, but I am the only one active down there.

Chairman BALL. You are the only one giving actual work?

Mr. HUME. Yes, sir.

Chairman BALL. What salary do you deduct for yourself?

Mr. HUME. I get a nominal salary of \$100 a month.

Senator SHEPPARD. And if there are no profits you do not get anything in addition to that?

Mr. HUME. No.

Senator CAPPER. How much stock do you hold?

Mr. HUME. I have one-ninth of the stock.

Mr. MILLER. Now let us have your expenses for 1916.

Mr. HUME. \$36,441.78.

Mr. MILLER. You made a profit that year of \$5,325. What were your losses that year through bad debts?

Mr. HUME. They dropped to \$1,660.

Chairman BALL. Your profits, then, were really not very much greater than they were in 1914, if it had not been for the \$9,000 in bad debts in 1914?

Mr. HUME. No; they were practically the same.

Mr. MILLER. In 1917 you show a volume of business of \$486,000 and profits of \$18,000. How many bad debts did you have that year and how much were your expenses?

Mr. HUME. Our bad debts were \$3,793 and our expenses were \$43,242.

Mr. MILLER. You had an increase of \$100,000 in your business, or approximately 25 per cent, but you had an increase in your profits of over 350 per cent?

Mr. HUME. Yes.

Mr. MILLER. How do you explain that?

Mr. HUME. I think it was the rise in prices, etc. Everything was very cheap before then. We had big stocks, and our total profit, even with that rise in price, was only 3.9 per cent of the sales.

Senator CAPPER. That was your net profit?

Mr. HUME. Our net profit; yes.

Chairman BALL. Do you carry a large stock on hand from year to year?

Mr. HUME. Yes.

Chairman BALL. Did you have a large stock on hand when the prices advanced?

Mr. HUME. When they first advanced in 1917 we had a very good stock; yes.

Mr. MILLER. The following year, 1918, you did an increased business, but your profits fell off?

Mr. HUME. The profits fell off. Everything was regulated and we had to be very careful. Lots of times we sold goods that cost us more than we got for them.

Mr. MILLER. Then, in 1918, when regulation went into effect, you had to charge different prices from what you did in 1917, when the regulation was not in effect?

Mr. HUME. Yes; that is, in the early part of 1918 it was not in effect.

Mr. MILLER. Do you think those regulations worked in the interest of the ultimate consumer?

Mr. HUME. I think they did; yes.

Mr. MILLER. Could you do business under those same regulations from year to year and make your business pay?

Mr. HUME. I do not believe I could. It was simply that the conditions were such that I did not have to break packages. We could get the volume.

Senator CAPPER. These figures that you have given us are after you deducted your taxes to the Government?

Mr. HUME. After deducting; yes, sir.

Mr. MILLER. But, nevertheless, Mr. Hume, it can not be denied that in the years 1917 and 1918, by reason of the great number of people here in Washington—the war workers coming here—you did an increased business, of course, but your profits were very much larger than your proportionate increase in business?

Mr. HUME. There is no doubt about that.

Mr. MILLER. Chairman Ball brought out the fact that you had a large stock on hand when this rush came on that you had bought at lower prices and you were getting bigger profits.

Mr. HUME. Yes. In 1918 we had the reverse. If things had gone like they were we would have made as much money as we did in 1917.

Mr. MILLER. But you have already stated that regulations were in effect then, and that changed the prices?

Mr. HUME. Yes. I consider we lost at least from \$5,000 to \$8,000 in the first three months of this year. We are selling tomatoes from \$1.80 to \$1.90 that cost us \$2.10. We had to buy them when we bought them. We just had to have the goods to transact the business. It is the same way with beans. I consider that we lost the first three months of this year from \$5,000 to \$8,000. That is more or less of a guess, but I consider it is a pretty accurate guess. Later on it picked up. We had a very good month in July.

Mr. MILLER. From what sources are your goods obtained?

Mr. HUME. From the manufacturers and the packers.

Mr. MILLER. Can you give us, briefly, the names of some of the people from whom you get your supplies?

Mr. HUME. We buy a good deal of corn from B. F. Schreiver & Co. We buy tomatoes from the Potomac River packers, because they come by boat and the freight is less. We buy from Thomas Fallon and the Neemah Packing Co. There are several small packers down there. They seem to be unusually cheaper than the great big packers, because they do not seem to have the big overhead in packing.

Mr. MILLER. Do you sell to trade other than in the District of Columbia?

Mr. HUME. We do; but I would say that fully 98 per cent of our trade is in the District of Columbia.

Mr. MILLER. Will you tell the committee how the supply of labor has been?

Mr. HUME. Most of our labor has about doubled, you might say.

Mr. MILLER. Can you give any specific figures?

Mr. HUME. No; I have no specific figures on labor. It has cost us also more to sell goods. We would have to either get rid of our salesmen or put them on commission, and we put them on commission, basing it on what they got before we put them on commission.

Mr. MILLER. How many employees do you have?

Mr. HUME. Approximately 17; from 17 to 20, depending upon how busy we are.

Mr. MILLER. What is your average weekly pay roll?

Mr. HUME. It is \$24,416 a year. That would be about \$2,000 a month.

Mr. MILLER. For these 12 employees?

Mr. HUME. No; there are about 17; from 17 to 20 altogether.

Mr. MILLER. Do you include your own compensation in that?

Mr. HUME. Yes.

Chairman BALL. In your business the price of labor has advanced more rapidly than the price of foodstuffs?

Mr. HUME. Well, I could not say. I have never thought of it that way to tell you the truth, Senator.

Chairman BALL. Well, labor has advanced in the last six months. Did you not state that your prices had not advanced?

Mr. HUME. I consider that prices fell off considerably for most articles during the first three months of the year, but now they have crept up somewhat in the last couple of months.

Chairman BALL. Well, compared with this time last year, are your prices about the same?

Mr. HUME. No; I think prices are cheaper than they were.

Chairman BALL. But labor has advanced?

Mr. HUME. Yes. Tomatoes are cheaper than they were this time as year. Corn is cheaper, and peas are cheaper. Flour is also cheaper.

Mr. MILLER. Can you give the committee the price that you receive for the principal articles in your trade, and also the names of your principal customers? If you haven't such information there, can you get it for the committee by Friday?

Mr. HUME. Yes, sir.

Mr. MILLER. To go back, before you leave the stand we are interested in knowing what you think about the regulations in the year 1913. You really think, then, that those regulations worked to the benefit of the ultimate consumer?

Mr. HUME. I think they did.

Mr. MILLER. You had a big profit that year. As compared with the business of other years, \$11,000. Yet you think if those regulations were in effect all along you could not continue business at a profit?

Mr. HUME. No. I think the war conditions made quite a difference.

Chairman BALL. At that time you were supplying the cantonments?

Mr. HUME. No, sir; we had very little of that business. We had some, but very little. We were not properly equipped for doing that. They wanted mostly goods in gallon packages.

Chairman BALL. The volume of business done in Washington was more than normal on account of the increase in the number of people in Washington at that time?

Mr. HUME. Yes; I think it was.

Senator CAPPER. Mr. Hume, the officers of these associations of government employees come here before us and insist that prices and the cost of living are as high now as they have been at any time, and these retailers here before us say that they are paying just about as much for their goods as they ever did. Now, do you say that prices have gone down?

Mr. HUME. I think they are lower on some things. I do not mean everything, generally. I think on some things they are lower than they were a year ago, but on some things they are higher.

Senator CAPPER. But they probably would average, then, about the same?

Mr. HUME. I think they would.

Chairman BALL. On this synopsis that you are going to submit prices and customers, could you not give us the prices for about a year ago and the prices to-day also?

Mr. HUME. It would be pretty hard to do that. I am afraid I could not do that.

TESTIMONY OF MR. JOHN B. EARNSHAW, REPRESENTING B. EARNSHAW & BRO., 103-109 ELEVENTH STREET SE., WASHINGTON, D. C.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please state your full name and place of business.

Mr. EARNSHAW. My name is John B. Earnshaw.

Mr. MILLER. What is the character of your firm, a corporation?

Mr. EARNSHAW. No; it is a part of an estate, the estate of my late father. The grocery business is run under the name of B. B. Earnshaw & Bro. It is located at 1103-1109 Eleventh Street SE. That is our main warehouse.

Mr. MILLER. The witnesses who have previously testified to-day have been dealers who have been in the Northwest. You are down in the Southeast?

Mr. EARNSHAW. Yes, sir. We have been located there practically ever since we have been in business.

Mr. MILLER. Do you do a wholesale business exclusively?

Mr. EARNSHAW. Almost exclusively.

Mr. MILLER. What percentage of your business is retail?

Mr. EARNSHAW. It is very insignificant. If some retailer drops in I suppose we might not refuse to sell him; but we do not cater to the retail trade.

Mr. MILLER. What is the amount of your total investment?

Mr. EARNSHAW. Figured on January 1, the end of our fiscal year about \$238,000, including real estate and buildings connected with the business.

Mr. MILLER. Do you own all your buildings?

Mr. EARNSHAW. Yes, sir.

Mr. MILLER. You do no renting?

Mr. EARNSHAW. No renting.

Mr. MILLER. Is your business a cash or a credit business?

Mr. EARNSHAW. It is mostly credit.

Mr. MILLER. Proportionately, how much??

Mr. EARNSHAW. Well, I guess 90 per cent of it, at least.

Mr. MILLER. What stocks do you carry?

Mr. EARNSHAW. What lines of groceries?

Mr. MILLER. Yes.

Mr. EARNSHAW. We handle canned goods, soaps, cereals, flour, sugar and spices, and things of that kind.

Mr. MILLER. From where are they obtained?

Mr. EARNSHAW. We obtain cereals from the manufacturers and canned goods mostly from the packers.

Mr. MILLER. In this vicinity?

Mr. EARNSHAW. In this vicinity and New York State; different parts of the country.

Mr. MILLER. Do you do any business on a commission scale?

Mr. EARNSHAW. No, sir; we buy our goods outright.

Mr. MILLER. Do you sell to trade other than in the District of Columbia?

Mr. EARNSHAW. The majority of our trade is confined to the District of Columbia; but we do a little business in the outlying points of Maryland, in the small suburban towns out there.

Mr. MILLER. Can you give us your volume of business and your profit for the years previous to this year? Let me look at that memorandum before you read it.

Mr. EARNSHAW. Some of those figures are approximate.

(The memorandum above referred to, marked "Exhibit A," is copied into the record in full, as follows:)

EXHIBIT A.

WASHINGTON, D. C., August 16, 1919.

The wholesale grocery business conducted under the firm name of B. B. Earnshaw & Bro. is part of the estate of B. B. Earnshaw, and is not incorporated.

Capital invested exclusively in wholesale grocery business of B. B. Earnshaw & Bro.—this includes real estate owned by the estate and used in connection with the grocery business—\$238,759.43.

Gross sales estimated for the following years, profits for corresponding years, and the percentage of profit on gross sales: profits stated are exclusive of taxes of all kinds:

Year.	Gross sales.	Profit.	Percentage of profit of gross sales.
1914.....	\$613,391.45	\$6,419.15	0.0104
1915.....	611,036.56	10,165.06	.0166
1916.....	692,794.94	11,260.57	.0161
1917.....	789,321.80	26,567.65	.0362
1918.....	1,116,995.46	20,676.63	.....

Total expenses estimated for the following years:

1914.....	\$56,466.14
1915.....	58,784.16
1916.....	56,598.48
1917.....	54,421.51
1918.....	67,057.84

Mr. MILLER. Now, Mr. Earnshaw, explain that memorandum to the committee.

Mr. EARNSHAW. In 1914 the gross sales amounted to \$613,391.45, approximately.

Mr. MILLER. In giving them to the committee just give them in round figures.

Mr. EARNSHAW. In 1914 gross sales, in round figures, \$613,000. This is for the grocery business. Profit in the grocery business, \$6,419.15, after expenses and all taxes were paid.

Mr. MILLER. Can you not give your total business and profits?

Mr. EARNSHAW. Well, this is the grocery business. The estate comprised of other investment.

Mr. MILLER. In other words, your volume of grocery business was \$613,000?

Mr. EARNSHAW. Yes, sir; that is what I figure it, approximately.

Mr. MILLER. Just continue your statement.

Mr. EARNSHAW. In 1915 the gross sales were \$611,000; profit \$10,165.06. These gross sales, remember, are approximate, but they are as close as I can get them.

Gross sales in 1916 amounted to \$692,794; profits, \$11,200. This all in the grocery business.

In 1917 the gross sales amounted to \$789,321.80; profits, \$28,567.63.

In 1918 the gross sales amounted to \$1,116,995; profits, \$20,676.63.

Mr. MILLER. In 1917 over 1916 you show an increase of approximately \$100,000 in your volume of business?

Mr. EARNSHAW. Yes, sir.

Mr. MILLER. Approximately 16 per cent, but you show an increase in your net profits of about 250 per cent. How do you explain that?

Mr. EARNSHAW. Well, on the net profits based upon gross sales for 1916 figure about 1.6 per cent, do they not?

Mr. MILLER. I have not figured it out, but I am asking you to answer the question the way I ask it. Apparently 1917 was a banner year not only with Mr. Hume but with you, according to your figures here.

Mr. EARNSHAW. Yes, sir.

Mr. MILLER. I would like to have your idea as to why you show those figures.

Mr. EARNSHAW. Well, it might have been that in 1916 we had some bad debts or that we might have bought goods that declined in value and we might have lost money on them. I have not the facts and figures here to show for it.

Mr. MILLER. You have not any figures to show what your bad debts might have been throughout this period?

Mr. EARNSHAW. No, sir; I have not.

Mr. MILLER. If they had been sufficiently large they would probably have impressed themselves on your mind, would they not?

Mr. EARNSHAW. Well, I can not keep all those figures in my mind.

Mr. MILLER. You do not think bad debts made all that difference between 1916 and 1917?

Mr. EARNSHAW. Nineteen hundred and eighteen was the year of Government control.

Mr. MILLER. I have not come to that yet. In 1917, people began coming to Washington to do war work, and you had a better market?

Mr. EARNSHAW. The volume of business increased.

Mr. MILLER. It increased \$100,000 over 1916, and your profits increased two and a half times.

Chairman BALL. Do you have a large floor space and carry a large stock?

Mr. EARNSHAW. We carry a stock that we think is for the reasonable requirements of our trade.

Chairman BALL. You did not have a very large stock, beginning with 1917, before prices advanced?

Mr. EARNSHAW. I can not say, sir; I do not know the exact amount of stock we had on hand.

Chairman BALL (addressing Mr. Miller). He does not have the figures to explain that, so it is impossible to explain it. It is possibly due to a large loss or to a large stock bought at the low prices at the beginning of last year and sold at the high prices obtaining later in the year.

Mr. EARNSHAW. It might be explained by losses and profits on certain goods, or it might be explained by bad debts.

Chairman BALL. It was two years ago, and it is not involved so much in this investigation. If it were this year we would go into it further.

Mr. MILLER. To get down to 1918, you have the figures before you there which show an increase in business and a slump in profits. The witness ahead of you testified that in his opinion that was due to Government regulation. Is that your experience also?

Mr. EARNSHAW. We tried to obey the Government regulations to the minute, and we made a less profit than the Government would allow rather than to go to the maximum margin that they would allow.

Mr. MILLER. You think those regulations operated to the benefit of the ultimate consumer?

Mr. EARNSHAW. I do not know, sir. I was away the greater part of 1918, in military service. I was not here. I do not know just how those conditions worked among the consumers.

Mr. MILLER. Have you anyone with you that could give us some specific information on that? What we want to get at is to show that these regulations in 1918, according to your testimony and the testimony of the witness ahead of you, benefited the consumer. Therefore, if they were a benefit to the consumer then and you were able to do business at a profit, would those regulations be satisfactory for all time?

Mr. EARNSHAW. The volume of business of that kind—suppose in another year we were doing \$1,100,000 worth of business; suppose business should drop back to what it used to be, say, to \$700,000 or \$800,000. On the basis of that, how much money would we make? Would not that wipe out the majority of the profits we made in 1918?

Mr. MILLER. You are able to answer that better than I am, because you are in that business; I am not answering questions; I am asking them.

Mr. EARNSHAW. My idea is this: That the profit was made largely through volume of business.

Mr. MILLER. Was it not made because you were able to demand a good high price here in Washington at that very speculative time?

Mr. EARNSHAW. In 1918?

Mr. MILLER. And in 1917.

Mr. EARNSHAW. We could not get speculative profits. We did not try to in 1918.

Mr. MILLER. No; because you were being regulated. But in 1917, when you were not regulated, and we had war-time conditions, were you able to make a bigger profit on a less volume of business than in 1918, when you were regulated? In other words, the regulatory feature was for the benefit of the consumer, was it not?

Mr. EARNSHAW. I suppose it was for the benefit of the consumer.

May I say a word about 1917? Those profits are based upon gross sales. According to the way we have figured it, our own profit based upon gross sales would figure about 3.6 per cent. Is it not possible that conditions being so that in 1917 you had to pay a great deal less for labor than in 1916 or—what I am aiming at is that in 1917 we did not pay as much for labor as we did in 1918.

Mr. MILLER. I was just coming to that question. Then the cost of your labor has gone up steadily throughout all these years that you have given us the figures on?

Mr. EARNSHAW. It has for the last two years, I think.

Mr. MILLER. How many people do you employ?

Mr. EARNSHAW. That depends. In the busy season we have more than we have in our quiet season.

Mr. MILLER. How many do you employ, on an average, and how much does your help cost you per year?

Mr. EARNSHAW. Our wages and pay roll I should think would run about \$47,000; something like that.

Mr. MILLER. A year?

Mr. EARNSHAW. Yes, sir. I think it ran something like that last year.

Mr. MILLER. Your average number of employees last year were how many?

Mr. EARNSHAW. I suppose maybe 25 to 35, possibly.

Mr. MILLER. I do not want to bring out any more points, Senator, on that.

Chairman BALL. I have no questions.

Senator SHEPPARD. That is all.

STATEMENT OF MR. J. E. BAINES.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name and place of business.

Mr. BAINES. James E. Baines; president of Browning & Baines (Inc.), 316 Pennsylvania Avenue NW.

Mr. MILLER. What is your business, Mr. Baines?

Mr. BAINES. Coffee manufacturing business; coffee roasting, classed by the Census Bureau as manufacturing.

Mr. MILLER. You sell nothing else but coffee, then?

Mr. BAINES. No, sir.

Mr. MILLER. What is the capital that you have invested in your business?

Mr. BAINES. The capitalization is \$200,000.

Mr. MILLER. It has been that ever since you were incorporated?

Mr. BAINES. We took over a partnership in 1903.

Mr. MILLER. Did it represent money actually paid in?

Mr. BAINES. Not altogether, sir.

Mr. MILLER. How much actually paid in?

Mr. BAINES. The last figure that I have from my bookkeeper, who, unfortunately, is away on her vacation just now, was, I think, \$158,000.

Mr. MILLER. Do you sell any goods at retail, or do you do a whole-sale business exclusively?

Mr. BAINES. Wholesale, except people drop in at times. We do not deliver nor attempt to do it.

Mr. MILLER. Do you sell any goods outside of the District of Columbia?

Mr. BAINES. Yes, sir; in the vicinity, mainly.

Mr. MILLER. What proportion of your stocks do you obtain by direct importation and from what sources are they imported?

Mr. BAINES. None; we buy our green product in the open market in New York from importers.

Chairman BALL. You do not import any yourself?

Mr. BAINES. No, sir.

Mr. MILLER. The price of coffee to the consumer has gone up in the last few years—

Mr. BAINES. No, sir; in the last one year.

Mr. MILLER. Will you give us your ideas as to why that is so?

Mr. BAINES. I think I have some information that may be of interest to the committee.

There appeared at my place last week a gentleman from Brazil, an American on his vacation to this country. He had spent the last four years in Brazil as agent for a large New York importing house. It was interesting to me, of course, to find out what facts I could about the situation, being so far away. He said that last year in the State of Sao Paulo they had had a distressing frost, and from his personal observation, I believe, 40 per cent of the trees were killed down to the ground, although the roots were not dead, and that since that time 100,000,000 of those trees had been cut off down to the ground, with the view of putting out new shoots and starting new trees, rather than replanting from seeds. He said the State of Sao Paulo was the largest coffee producing section in the world, having something like a thousand million trees, which bear in the neighborhood of 1½ pounds to 2½ pounds each. They have lost 40 per cent.

Chairman BALL. Did he state how long it would take those trees to become mature again?

Mr. BAINES. From three to five years.

Senator SHEPPARD. What is the life of a tree, ordinarily?

Mr. BAINES. I think they bear indefinitely, Senator. But they are subject to parasites in those tropical countries, and frost.

He also gave men another fact that might be of interest to you. He said that when this frost occurred the people of the State of Sao Paulo began to buy up an accumulation of coffee, so they had succeeded in accumulating 8,000,000 bags on hand. That they have taken off the market. Against that, they issued as collateral a sort of scrip that I believe may be legal tender among themselves, but which at this time is worth two or three times more than the collateral itself. As the collateral has risen in value, it has been a very feasible scheme and they have "put one over" on the rest of the world, to use the language of the street.

Senator SHEPPARD. Is that a Government scheme or a private scheme?

Mr. BAINES. A State scheme.

Senator SHEPPARD. The State of Sao Paulo?

Mr. BAINES. The State of Sao Paulo. Of course, I am quoting this man Dirickson.

Senator SHEPPARD. Was that done since the destruction of the trees?

Mr. BAINES. Yes; I understand it was. We have had in the past year, beginning about a year ago, a steady and persistent advance in the price of green coffee in the open market, without a reaction all to it, I should say—

Mr. MILLER. Right there: Can you give us the price for 1914 as then for the months it has advanced in the past year?

Chairman BALL. 1914 would hardly be of any benefit to us.

Mr. BAINES. I can not give you details, but I should say at the time last year, or possibly a little earlier than that, we could buy table coffee grown in the State of Sao Paulo, for 11 or 12 cents; to-day it is 29 cents. One who has had an extensive knowledge of the business as I have, having been in it for 24 years, gets it at a little less, but none to speak of.

Mr. MILLER. Then it has gone up in the last 12 months from 11 to 29 cents?

Mr. BAINES. Yes, sir.

Mr. MILLER. Per pound?

Mr. BAINES. Yes, sir.

Mr. MILLER. Green coffee?

Mr. BAINES. Yes, sir.

Mr. MILLER. In your opinion, the reasons given by your correspondent in Brazil are the real causes for that rise?

Mr. BAINES. Yes, sir; we are absolutely at the control of the producing countries as to coffee. He told me that in Brazil everybody was prosperous and flourishing.

Mr. MILLER. At what price per pound did you sell to the retailer last year?

Mr. BAINES. Our lowest price was 17 cents.

Mr. MILLER. What is your price to-day?

Mr. BAINES. Our lowest price to-day is 37 cents. I should say the bulk of our coffee is sold below 40 cents—37, 38, and 40. We sell one brand, but the proportion of it to the whole is negligible, in one-pound cans at 49 cents. That can and label cost us 5 cents. It is practically all distributed through wholesale grocers, such as these gentlemen who have been testifying and who are allowed a 10 per cent discount on it.

Mr. MILLER. Can you give us the approximate cost to you of changing green coffee into roasted coffee, per hundred pounds, say Senator SHEPPARD. Maybe he knows it per pound?

Mr. BAINES. Per pound? No, sir; I do not think I could give you that.

Mr. MILLER. If you get 100 pounds of green coffee and prepare it for the retailer—roast it—what is the approximate cost of that operation to you?

Mr. BAINES. I do not think I could give it. Our expenses go into one account. It loses from 15 per cent to 16 per cent in weight, in the first place.

Mr. MILLER. And, of course, you have to allow for that in charging for the coffee?

Mr. BAINES. Yes, sir. This advance really costs the roaster 17 cents more than it shows on the face of it, inasmuch as the advance of 17 per cent in the green price would mean 3 cents additional from the loss in weight from roasting. The advances we have not been able to get. We have desired, of course, to "pass the buck," as they

at from time to time. We have advanced our prices, but it has become increasingly difficult. Competition is very keen, and it is sore and more irritating to the customer to be told that the price will again advance.

Mr. MILLER. On account of this increase in the price of green coffee, the producers down in Brazil are probably getting as much for their total crop, although it has reduced, as they did for their big crops?

Mr. BAINES. I should say far more.

Mr. MILLER. In other words, people in Brazil who produce this coffee are taking advantage of the frost, not only to make up a shortage in the crop but make additional profits besides?

Mr. BAINES. Beyond question.

Mr. MILLER. Has that been brought out or have all those facts been more or less kept under cover?

Mr. BAINES. A coffee man, like myself, is always skeptical of reports from Brazil. They have cried "Wolf! wolf!" so often, and there has been no frost, endeavoring to scare us into going into the market, that we as a class did not believe it, and I was not really thoroughly convinced until this gentleman stopped in my place and told me he had seen it with his own eyes. He said the districts looked as though they had been fire swept.

Mr. MILLER. Has your cost of operation gone up, Mr. Baines?

Mr. BAINES. No, sir; I do not think so. Not in the past; not recently. Of course, all labor items increased when the war first broke out, in 1917.

Mr. MILLER. Do you own your place of doing business?

Mr. BAINES. Yes, sir.

Mr. MILLER. Do you do a cash or a credit business?

Mr. BAINES. Both.

Mr. MILLER. Proportionately, how much credit.

Mr. BAINES. I would say about 80 per cent, or 75 per cent, maybe.

Mr. MILLER. Have you figures there that will show us your volume of business and your profits?

Mr. BAINES. I have them simply on a piece of paper, scribbled down in the absence of my bookkeeper. I do not think you can make them out.

Mr. MILLER. How far back have you gone?

Mr. BAINES. To 1913. In 1913, on a business of \$236,000, the net was \$24,000. These are round figures, of course.

Mr. MILLER. That is what we want.

Mr. BAINES. 1914, on a business of \$244,000, the profit net was \$25,000.

In 1915, on a business of \$238,000, the net was \$32,000.

In 1916, on a business of \$260,000, the net was \$26,000.

In 1917, on a business of \$340,000, the net was \$32,000, and, if you add it, the war revenue tax was \$9,000.

In 1918, on \$463,000 worth of business, the net was—I did not give you 1917 right. That was after taking off the \$9,000. The net was \$41,000 in 1917. The war tax was \$9,000.

In 1918, the net was \$41,000, and the war tax was \$18,000.

Last year, our banner year, we roasted 2,000,000 pounds of coffee. Mr. MILLER. What firms are there in Washington doing business similar to yours?

Mr. BAINES. P. W. Browning & Bro., J. H. Wilkins Co.—although I think they handle other articles. I do not recall any others I have stayed in business, although there were a few smaller ones before this advance in the green article.

Mr. MILLER. I have no other questions to ask. Those figures stand for themselves.

Senator SHEPPARD. Do you get any coffee from Santo Domingo?

Mr. BAINES. Last year we have used some, but we found it very poor.

Senator SHEPPARD. Very poor?

Mr. BAINES. Very poor; yes, sir.

Senator SHEPPARD. You said that the war tax last year \$18,000; \$40,000 was net after that was taken out?

Mr. BAINES. No, sir.

Senator SHEPPARD. Then, to get your net profit you would have to subtract \$18,000 from \$40,000?

Mr. BAINES. Yes, sir.

Senator SHEPPARD. I wanted to bring that out and make it clear. That is all.

STATEMENT OF MR. W. G. BUCHANAN.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name and your place of business.

Mr. BUCHANAN. W. G. Buchanan; assistant to the president; John H. Wilkins Co., 591 Rhode Island Avenue NE., Washington, D. C.

Mr. MILLER. What is the name of your firm?

Mr. BUCHANAN. John H. Wilkins Co. (Inc.).

Mr. MILLER. What is the date of incorporation?

Mr. BUCHANAN. They were incorporated February 1, 1917, \$100,000, fully paid in. An amendment was filed to the charter July 15, 1919, for an increase to \$300,000.

Mr. MILLER. Does that new capitalization represent cash actually paid in?

Mr. BUCHANAN. No, sir. It is paid in up to \$200,000 since 1915.

Mr. MILLER. Do you own your place of business?

Mr. BUCHANAN. We rent the present warehouse and now one under construction.

Mr. MILLER. Has the rental for your warehouse gone up?

Mr. BUCHANAN. No, sir; we have a lease for eight years at a nominal figure—a very low figure, in fact, \$125 a month.

Mr. MILLER. Besides coffee, what do you deal in?

Mr. BUCHANAN. We are specialists in sugar, refiners, and distilling agent.

Mr. MILLER. Any other products?

Mr. BUCHANAN. Until last fall we handled practically not else. We supplied the baking trade of Washington with extense and flavoring, coloring, and marshmallow fillings, but that business is very small. We are now entering into the hotel, restaurant, steamship and railroad supplies, furnishing foodstuffs, such as 10 size; no grocery size.

Mr. MILLER. You sell to consumers?

Mr. BUCHANAN. We do not sell to consumers.

Mr. MILLER. Yours is a wholesale business?

Mr. BUCHANAN. We are a jobbing and manufacturing house.

Mr. MILLER. Can you give the committee any information about the rise in price of green coffee?

Mr. BUCHANAN. Green coffee in 1917—we handled practically no coffee; we just entered into the coffee business since October, 1918. We then bought Santos coffee for about 11 cents, and we continued buying that for 11 cents, until January, 1919. Then the price of this Santos jumped to 22 cents. It went on at a level of 22 cents until July 1, or about the 1st of July. Santos is now 27 cents. That is our lowest grade of coffee. It is blended with the other coffees.

We have a special coffee which we make under our own name and pack up which cost us 15 cents during the year 1917 and until October, 1918, and then the price jumped from 15 to 22 cents in cost. It ran along the 22-cent level until April. In May it jumped to 27; in June 29; July to 31, and runs along 31 at present level. That is blended with another coffee for our high-grade coffee.

Mr. MILLER. What did you get from the retailers for your coffee over those same periods?

Mr. BUCHANAN. In 1917 we sold a low-grade coffee called "Breakfast coffee," which is Santos and Maracaibo just mixed together, at the same price, of course, 18 cents. We sold that until November, 1918, and we jumped the price to 20 cents, due to increased cost to us. We ran along two months until January, and then we raised the price to 22 cents. In February the price went to 26 cents and stayed on that level for two months, and then the price went to 28 cents. The price was then advanced in June again to 33 cents, and in July it was advanced to 36 cents.

Mr. MILLER. What is the cause, in your opinion, of the increase in the price of green coffee?

Mr. BUCHANAN. The gentleman ahead of me stated really the whole thing, that it was just the Brazilian situation. They have coffee products cornered down there and are getting their price for it. I have tried to trace coffee back to Brazil and other countries, and that is all the information I could get.

Mr. MILLER. It is a form of profiteering over which the United States has no control?

Mr. BUCHANAN. No control; no, sir.

Mr. MILLER. And the increase in price which you have charged—

Mr. BUCHANAN. Is the cost; and of course our labor is steadily going up, but we have been able to increase our volume sufficiently to hold it down. We stayed behind with the price a while, but we were forced to come up to the level.

Mr. MILLER. Can you give your profit on your business for several years?

Mr. BUCHANAN. John H. Wilkins did a business of \$400,000 a year. I personally audited his books that year. I was a public accountant. He made \$7,000 on that \$400,000. On February 15, 1917, he incorporated, due to the demand on sugar. He had got sugar controlled in New York and was able to purchase sugar in large quantities, and he incorporated his business in sugar and coffee and as an importer of nuts and spices. He incorporated in 1917 and did a business, I should say, of \$800,000.

Chairman BALL. That included his other products, besides coffee.

Mr. BUCHANAN. Yes, sir; everything—sugar and coffee. Then I made a profit of not more than \$8,000 that year. That was due to taking on considerable extra help and enlarging the plant and moving. We moved over to a warehouse siding and considerable expenditures were made in warehouse extensions to be charged off depreciation—

Mr. MILLER. What were the profits?

Mr. BUCHANAN. Under \$10,000—\$8,000.

Mr. MILLER. In 1918?

Mr. BUCHANAN. In 1918; the sales were about \$1,500,000. The net profits that year were around \$13,000.

Mr. MILLER. Last year was a great coffee year?

Mr. BUCHANAN. 1918 was the first year that we packed our coffee by machinery, put it in bags and extensively advertised it and put a heavy selling force on it.

Chairman BALL. Your expense was very great?

Mr. BUCHANAN. Yes, sir; due to the introduction of our product.

Mr. MILLER. While you are on the subject of packing, can you add any information about the increase in the cost of these paper packages?

Mr. BUCHANAN. I have here a chart that shows that labor was normal in 1917. The labor on packing jumped 50 per cent in 1918 and in the beginning of the year 1919 jumped 50 per cent additional, making a total increase of 100 per cent upon the base.

Mr. MILLER. Is it true that only a few years ago it only cost one-fifth of a cent to pack a pound of coffee, and now its costs about 2 cents?

Mr. BUCHANAN. I don't believe anybody ever packed a pound of coffee in a bag for one-fifth of a cent. It costs at least 2 cents to pack coffee in a bag. Freight jumped on coffee about 65 per cent. The packing expense includes bags. We were able to purchase an enormous supply of bags in 1918 when we entered this business, and packing expenses were kept down to a 25 per cent increase. We are now putting in machinery to cut out all labor entirely, making it a machine-packed outfit. That will keep our costs down somewhat.

Mr. MILLER. Do you notice people to whom you sell your product in the retail trade charging too much of an advance?

Mr. BUCHANAN. I can not say—I have only one case. We asked them to sell at the same margin or less than the margin they sold coffee at years ago; that is, to be satisfied with 5 cents a pound profit. We tried to get them to do that. In our country trade we sell a good deal of coffee and we ask them to stick to a low margin of profit wherever they can. Of course, we have no control over them and it would not be right to control them. Nevertheless, these small corner groceries and Jewish stands will get as much as they can for coffee. It was only a few months ago when coffee was in demand that you could not go into a grocery store and get any kind of coffee you wanted. It was a matter of taking what you could get.

Chairman BALL. While your profits show much smaller than they otherwise would show, it is because of the increased improvement of your equipment?

Mr. BUCHANAN. Exactly. We are expanding. We have put on a few years of progressive policy.

Chairman BALL. Of course, your profits do not show as large?

Mr. BUCHANAN. We are charging off anything we can, because we are liable under the income tax. In normal times that would be treated as an expense incident to the future business.

Senator SHEPPARD. Is the quality of coffee inherent in the green product, or is it improved by proper roasting?

Mr. BUCHANAN. It can be if it is roasted properly. We think it can be improved. If it is good-tasting coffee most any roaster can roast it and get good coffee. It is only carelessness that would make a poor coffee.

Senator SHEPPARD. What is the highest price of green coffee?

Mr. BUCHANAN. The highest price we pay is 31 cents.

Senator SHEPPARD. I mean in the country it comes from?

Mr. BUCHANAN. We get ours from Brazil. We can not get Santos any more.

Senator SHEPPARD. The best coffees come from Brazil?

Mr. BUCHANAN. Yes, sir.

Senator SHEPPARD. Are there a number of different grades of coffee that come from Brazil; different grades and qualities?

Mr. BUCHANAN. They are different. One is called "Santos Grinders;" the other is called "Santos." The grain is smaller than the "Santos Grinders." It has no chicory in it, but it is not good coffee. It fills out the bag. You buy that much cheaper and it is substituted a times.

Senator SHEPPARD. What is this coffee called "Mocha and Java?"

Mr. BUCHANAN. Mocha and Java is a back number, so far as coffee is concerned. It is not any better than the coffee we are getting now.

Senator SHEPPARD. It is not?

Mr. BUCHANAN. No, sir; if you move the Java bean from Java to Brazil you have the same Brazilian coffee. It is just because of where it is grown that the name is attached to it. I have not traced it back; I do not know.

Chairman BALL. Do you think the particular land upon which coffee is grown materially affects the taste?

Mr. BUCHANAN. If the Java bean was planted in Brazil it would be ordinary Brazilian coffee and it would not be any different.

Chairman BALL. I asked that question because, in the case of certain vegetables, Lima beans, for instance, grown on a certain particular kind of soil, they are very much better than Lima beans grown on some other soil. Peaches grown on certain soils have that peculiar flavor which makes them desirable. I come from Delaware, and you know that Delaware peaches have a reputation.

Senator SHEPPARD. Are there various grades of coffee?

Mr. BUCHANAN. Yes, sir.

Senator SHEPPARD. How do you describe the grades?

Mr. BUCHANAN. I know nothing about the other grades except what we are handling. I am not really experienced enough to make a statement on that.

Senator SHEPPARD. What do you handle?

Mr. BUCHANAN. We handle Santos, Maracaibo, and Special. It has never been divulged to any of us what that "Special" consists of.

It is blended. It comes mixed, and Mr. Wilkins mixes another grade of coffee with it, but the formula for mixing the coffee he does not let anybody know.

Senator SHEPPARD. What is the title for the special grade of coffee?

Mr. BUCHANAN. We call it "Wilkins's perfect coffee." It is the highest grade of coffee we can put out.

Senator SHEPPARD. That is your best brand?

Mr. BUCHANAN. That is supposed to rank with any coffee in the country. That is, we are trying to make it so.

Senator SHEPPARD. What does it sell for?

Mr. BUCHANAN. Wholesale, 43. We ask the wholesaler to keep his price at 50, or 48, if he can. Of course, they sell sometimes at 55 cents.

Chairman BALL. This closes the hearing for to-day. The committee will meet again to-morrow at 2 o'clock in the afternoon.

(Whereupon, at 3.40 o'clock p. m., the committee adjourned until to-morrow, Thursday, August 21, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

THURSDAY, AUGUST 21, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON THE
DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator Davis Elkins, presiding in absence of Chairman Ball and Senator Arthur Capper.

Present: Senators Elkins (acting chairman) and Sheppard, and later Senators Capper and Dial.

Present, also: Mr. Thomas W. Miller.

Senator ELKINS. The committee will please come to order. We will first hear from Dr. Wiley.

TESTIMONY OF DR. HARVEY W. WILEY, WOODWARD BUILDING,
WASHINGTON, D. C.

(The witness was duly sworn by Senator Elkins.)

Mr. MILLER. Dr. Wiley, will you please give your full name, your residence, and the place where your farm is located?

Dr. WILEY. Harvey W. Wiley. In winter I reside in Washington and in the summer in Virginia.

Mr. MILLER. Where is your farm located?

Dr. WILEY. Loudoun County, Va.

Mr. MILLER. How far is your farm from the Capital, Dr. Wiley?

Dr. WILEY. From here?

Mr. MILLER. Yes, sir.

Dr. WILEY. Fifty-two miles.

Mr. MILLER. You are in the milk-producing business?

Dr. WILEY. I was up to the 1st of January, when I leased my dairy to my farmer, but I still own the dairy and am deeply interested in it.

Mr. MILLER. We thought you could perhaps give the committee some information with respect to the milk trade as it relates to Washington. We would like to ask you a few preliminary questions and then have you make after that any statement you desire. What was the volume per day of your dairy business, the volume of milk?

Dr. WILEY. I am producing at the present time about 100 gallons per day.

Mr. MILLER. How many cows are there in your herd?

Dr. WILEY. About 60 or 65, but not all in milk; there is always a large percentage of them that are dry cows. There are about 50 cows in milk.

Mr. MILLER. Do you make any butter or buttermilk on your farm?

Dr. WILEY. No, sir.

Mr. MILLER. It is exclusively milk?

Dr. WILEY. We ship milk only.

Mr. MILLER. To whom do you ship your milk?

Dr. WILEY. Mr. Oyster.

Mr. MILLER. In other words, you dispose of your entire product to Mr. Oyster here in Washington?

Dr. WILEY. Yes, sir.

Mr. MILLER. How are the prices determined at which you turn that over to Mr. Oyster?

Dr. WILEY. They are determined between Mr. Oyster and myself.

Mr. MILLER. Can you give the committee the basis of that determination?

Dr. WILEY. Yes, sir. Mr. Oyster has made contracts with me annually for several years, running from May 1 to October 1 and from October 1 to May 1, and the prices of milk vary according to the season. They are specified in the contract.

Mr. MILLER. It was testified the other day that the usual contract season was from October 1 to April 30 and then from May 1 to September 30. Is that the fact?

Dr. WILEY. I have three prices of milk during the year. There are three periods in my contract with Mr. Oyster. I do not know what the general form of contract is. I only know about my own.

Mr. MILLER. Are you able to give those three periods and the prices you receive for your milk?

Dr. WILEY. Yes, sir. I ask a little more for my milk than most producers. I get 33 cents for May and June on the basic composition of 3.5 of butter fat. I get extra for sanitary scoring.

Mr. MILLER. One cent extra per gallon?

Dr. WILEY. One cent extra per gallon for the sanitary scoring. For every five points I get a half a cent more per gallon. The sanitary scoring is 83, which is quite high for a sanitary record. I get an extra price for butter fat over 3.5. My milk averages 4 per cent. I get 4 cents per gallon for each per cent above 3.5. That is, if it is 4.5 I get 37 cents per gallon.

Mr. MILLER. Do you get any increase for fractional points?

Dr. WILEY. Yes; there is a proportionate increase for each tenth. I get now about 1 cent a gallon extra for sanitary scoring. I am getting now 37 cents a gallon for my milk.

Mr. MILLER. Will you please give the committee, Dr. Wiley, prices you get for the other two periods throughout the year?

Dr. WILEY. I get an increase in September, I think—I have not got the contract with me—of 2 cents a gallon. I was wrong about the dates. My contracts run from May to October and from October to May. I do not know what I will get after October. I get 2 cents extra over 37 in September.

Mr. MILLER. Until when, Dr. Wiley?

Dr. WILEY. I beg your pardon?

Mr. MILLER. What is the period from September?

Dr. WILEY. September to October is the second period; you might say the third period is from October to May. I got a 2-cent increase

in July. I am including that in my statement now; and also in August. I got 2 cents increase over May and June, and I will get another 2 cents in September. Then the contract is to be renewed. I do not know what the contract price will be.

Mr. MILLER. How much capital have you invested in your business?

Dr. WILEY. Without including the land I have \$30,000 invested in buildings and herd.

Mr. MILLER. Do you own the land?

Dr. WILEY. Yes, sir.

Mr. MILLER. How much valuation do you place on that?

Dr. WILEY. For taxes or for sale?

Mr. MILLER. I should say when you are paying your taxes.

Dr. WILEY. I let the assessor fix it. I do not suggest anything. If I were selling my land, I would want \$100 an acre for it.

Senator SHEPPARD. How much did you say you had, Dr. Wiley?

Dr. WILEY. I did not say. I do not mind telling you. It is a shame for a farmer to have so much. I have 1,150 acres; all paid for.

Mr. MILLER. What have been the profits in your business since you went into the milk business? If you can do so, give us the volume of your business and your net profits.

Dr. WILEY. I can tell you what I got last year; that is, the last year I operated.

Mr. MILLER. You have no figures with you that you can insert into the record?

Dr. WILEY. No.

Senator SHEPPARD. He says he can tell us what his profits were last year.

Mr. MILLER. Let us have your volume of business for last year and also your profits, please, Dr. Wiley.

Dr. WILEY. This year I am getting a fixed income for both my farm and dairy. This is the sixth year I have had the dairy. The first four years I lost money all the time on account of not having a sufficiently large number of animals, principally, and for other reasons. Last year I returned a profit to the income-tax collector of about \$2,800.

Mr. MILLER. What was your volume of business? Do you remember?

Dr. WILEY. It averaged 100 gallons per day for the year; sometimes a little more and sometimes a little less.

Mr. MILLER. You can not give us in round figures your total volume?

Dr. WILEY. It would be about 36,500 gallons.

Mr. MILLER. Have labor costs gone up on your farm?

Dr. WILEY. Yes, sir; they have more than doubled.

Mr. MILLER. Then, since you went into the farming business and to the present day your labor has doubled?

Dr. WILEY. In four years the labor has a little more than doubled.

Mr. MILLER. What other increase in course of operation have you experienced?

Dr. WILEY. All supplies that I buy for the dairy have more than doubled in price.

Mr. MILLER. For instance, concentrates for your milk.

Dr. WILEY. Yes; all kinds of cans and machinery, concentrated foods, and supplies of all description.

Mr. MILLER. Cotton seed and bran have gone up?

Mr. WILEY. Cotton seed has gone up about 300 per cent. I bought before the war by the carload cotton seed for \$21 a ton and paid the freight on it. Last October I paid \$52 a ton and \$6 freight. Today it is quoted at \$80 a ton f. o. b. Richmond.

Mr. MILLER. The rise in price of these concentrates, of course makes it necessary for the farmer to pay more for his feed for cattle when they are not grazing?

Dr. WILEY. Yes; and the cost of labor makes his feed, with the other increases, about double.

Mr. MILLER. What months in the year would it be necessary to feed your herd these concentrates?

Dr. WILEY. We feed them all the year through. We feed concentrates all through the summer, but not so much. We begin the ration of concentrates in October; about seven months full ration and then a little over a half ration during the summer months.

Mr. MILLER. Do you know of the operations of the Maryland-Virginia Milk Producers' Association?

Dr. WILEY. I am a member of it.

Mr. MILLER. Are your prices, Dr. Wiley, gauged by the prices that they determine upon?

Dr. WILEY. The executive committee of the association gets together two or three times a year, whenever there is to be a change in prices, and they figure up the cost of production. Then they add a fair margin of profit to the cost of production, what they consider a fair margin of profit. Then they recommend to the members that they abide by those prices, but it is not obligatory on anybody. For instance, I get a higher price than they recommend, considerably.

Mr. MILLER. If a man sells at a lower price than they recommend, there is no penalty?

Dr. WILEY. None whatever. There is no penalty provided whatever; not even a simple fine. He does as he pleases, absolutely.

Mr. MILLER. In your opinion, is the association a beneficial one for the milk producer?

Dr. WILEY. I think it is extremely beneficial.

Mr. MILLER. How does it affect the price paid by the ultimate consumer for the milk? Do you think it keeps the prices up in certain periods of the year?

Dr. WILEY. I notice this: That whenever we get a higher price for milk the consumer pays just double what we get. If we get a cent a gallon more, the consumer pays 2 cents a gallon more, and the last increase that our members got of 2 cents for July and August they immediately put 1 cent a quart more on all the milk they sold, just doubled the price, so that when we get a higher price the consumer gets a proportionately higher price, much more exaggerated than our own.

Mr. MILLER. Why is it necessary to double that increase for the consumer?

Dr. WILEY. I have not any idea.

Mr. MILLER. It would look, then, as though there might be something to the high cost of living as regards the milk trade?

Dr. WILEY. Well, that may be. I do not know about that. I am only speaking from the producers' standpoint. By the way, I am a consumer, too. I buy milk from Oyster at the same price everybody else pays in the winter. I sell my milk to him. Remember that 3½ cents come off that price for milk, as far as I am concerned. That is freight. I get 3½ cents less than those prices I quoted.

Mr. MILLER. The average freight is from 3 to 3½ cents per gallon?

Dr. WILEY. It is 3½ from Bluemont. That is my station. I do not know what it is for stations this side, but probably almost as much.

Mr. MILLER. In your opinion, whenever there is a raise in the price of milk for the producer it is doubled for the consumer?

Dr. WILEY. I do not think it ought to be doubled, but I was saying what happened. At the time of this last increase that the producers got they were all selling milk at 14 cents a quart when we got 2 cents a gallon more they sold it at 15 cents a quart.

Mr. MILLER. That is an interesting point. We are glad you brought it out.

Dr. WILEY. That is a fact that I want you to understand, that the producer is not responsible for that extra price, but I think if everything else is just then the consumer ought to pay proportionately a higher price whenever the producer gets a higher price. That is fair and just, if all the other prices are just.

Mr. MILLER. I have no further questions, Senators.

Senator SHEPPARD. Doctor, proceed now with what you would like to say to us in your own way. Please make whatever further comments you have to make on the situation.

Dr. WILEY. In the first place, I think the producer of all necessities of life is the first person to be considered, because he comes before the consumer. The next person whose interests are to be safeguarded is the consumer. The railroad that handles the milk should be compensated justly for its transportation. All the persons who handle milk between the producer and the consumer should have a fair profit. You can not expect a man to be in business without a profit. The consumer always pays the bills—always. No matter what the expenses are for the production; the ultimate cost falls upon the man who consumes.

In all adjustments, all regulatory adjustments, by statute or otherwise, all the facts ought to be laid upon the table. A great many people in the city do not understand anything about the production of milk.

Of all agricultural industries, milk is the most compelling. There is no holiday in the milk business, no Fourth of July or Labor Day; every day is a labor day.

Take my own case. I live 4 miles from the station. My dairymen get up at half past 2 every morning. They go out into the night pasture to bring in the cows.

Senator SHEPPARD. Is that under the daylight-saving bill?

Dr. WILEY. That is daylight saving. Congress did not need pass that law for the dairymen. They had to get up in time for the train. They go out in the small pasture where the cows run at night. If I put them in the big blue-grass pasture they can not find them. It takes hours sometimes. Of course, in the winter they are

in the stable. They drive up the cows. Then they have to put on their white suits and attend to the milking. The cow's udder is washed every time with clean water and wiped with a dry rag before they begin milking. The milk is immediately carried out in the small-nosed bucket so as to keep out as much dust as possible. Then it is poured into a can and immediately transported in an overhead railway to a cooling room, which is some 200 yards away, so as to get out of all contact with the stable. It is immediately cooled to a temperature of spring water—mountain spring water—which is about 57°. That takes up until 6 o'clock. At 6 o'clock we have to leave the barn to reach the station. The milk train leaves at 7 o'clock. Then, every day the stable is thoroughly cleaned, every particle of manure is taken out. The manure is taken out on an overhead railway and dropped into a wagon and taken out onto the farm. We haul it out every day when the weather permits; if the weather does not permit we have a storehouse for it which is 50 feet away from the stable under the requirements of the milk regulations. So there is no manure about the yard or about the milking house.

Then, in the winter the feeding, of course, takes place, but in the summer the feeding is usually done at night, concentrated feeding. The cows go out by day onto the blue-grass pasture until half past 2 in the afternoon. There are the same hours of milking in the afternoon as in the morning; just 12 hours apart. That gives the dairymen about a 10-hour day, from 8 to a 10 hour day. He can go to bed after 9 o'clock usually in the morning, or do what he pleases up to half past 2 again.

Now, that is the routine of the milking line. You can imagine that with no vacation, although we do endeavor to give every man a day off every week—we have to keep extra help for that—but you can imagine that that is pretty strenuous work.

Mr. MILLER. Do you use milking machines?

Dr. WILEY. No; we tried the milking machine, but my expert from the Blacksburg school, who started my dairy for me, thought it injured the udders and caused caking of the bags, so we abandoned it: after spending a thousand dollars on it, in nine months we abandoned it altogether and milk now by hand.

Mr. MILLER. How many employees have you on your farm for this purpose?

Dr. WILEY. There are four regular employees in the dairy.

Mr. MILLER. What is their total weekly wage, Doctor?

Dr. WILEY. Well, I paid a hundred dollars a month for the foreman and \$60 to \$80 a month for the helpers under him, but they are charging more now—just how much more I do not know, but quite considerably more.

Mr. MILLER. Do you feed them and house them on your farm in addition to paying them their wages?

Dr. WILEY. Since my farmer took hold of it he has them all in his house, except one colored man, who lives in the village near by.

Mr. MILLER. That colored man boards himself?

Dr. WILEY. I am not quite certain about that.

Mr. MILLER. When you ran the farm, how did you manage that?

Dr. WILEY. I furnished the house and the men boarded themselves when I ran the farm.

Senator SHEPPARD. You were in the middle of a statement about your system, and you were saying that the producer should have the first consideration. You were leading up to some reasons for that.

Dr. WILEY. Yes. The reason is the same for all necessities of life, but particularly for milk, which is the supreme necessity of life. The milk supply is the most important element of the diet of the young. You may say that you are a vegetarian, but you are not when you are a baby. If we fed our new-born babies vegetables they would all die. They have to have animal food solely—milk. And so with the growing children. As long as the child is growing milk is an essential part of the diet, and it is a mighty good diet for grown people as well. Any interference with the production of milk must of necessity reflect itself at once upon the most sensitive part of humanity—the infant—especially the infant deprived of his mother's breast; but after weaning, milk becomes a necessity for the child. For a year at least after he is weaned he should not eat anything else but milk. It is the universal support of the young of mammals. The smallest mammal is a little mouse that weighs about half an ounce, and the largest one is a whale or an elephant—I do not know which is the larger—so they range from all grades, but their young are all dependent on milk, absolutely. Hence the interest of the producer of the necessity, the greatest necessity of life, has the largest claim on the public for justice and protection, especially for the reason that the duties and labor of the dairyman are more severe than any other farm labor or any farm duties, and require a higher wage always, so that the producer of milk is entitled to a fair return upon his investment.

The milk industry is faced with a great many dangers. When I started my herd I never bought an animal without a certificate showing that it was free from tuberculosis. I do not know how it happened that I got a hold of certain tuberculosis cows. Of course, there is a way in which the purchaser can be fooled. It is called "plugging." If you test a cow and she reacts and you test her again within a month and she will not react, they call that "plugging." They test the cows and then have them again tested officially. I do not know that I got any cows of that kind, but I do know that I got cows that brought tuberculosis in the herd. I have sacrificed in six years about 20 animals. I will not keep any tuberculosis animal in the herd. I have them tested ever year. They are not a total loss. The meat of these animals was passed for consumption by the Bureau of Animal Industry; but, so far as I was concerned, the price I got for a reacting animal was extremely low. I never got over 7 cents a pound and sometimes only 4 cents a pound. After the meat was inspected and passed, it went into the general delivery and brought as high a price in the market as any meat, probably of that class, but it did not come to me. Some of those cows were registered animals and most me over \$200 a piece. I believe I have lost over \$2,000 in the six years from that cause.

Then we have other plagues. We have contagious abortion. That is a great plague to the dairyman. Cows abort. We immediately separate them and take them out of the herd and do everything we can to curtail this plague, but in spite of all we can do it sometimes breaks out. I have had two outbreaks of it in six years.

Then, we lose a great many calves due to blackleg. Although we vaccinate against the blackleg, we can not entirely eliminate it.

All these things increase the cost of production, all these vicissitudes. Then, we have to take chances on the season. Last year when my dairy was on a paying basis and I was milking about 100 cows we had a drought that lasted from the middle of April to the middle of August. There was not enough rain falling in all that time to lay the dust. I was compelled to sell 45 animals because I had not enough fodder to carry them through the winter, and I had not gotten back by any means to my previous status. So that whatever profits are this year they must of necessity be a good deal less than they were last year.

All these things have to be taken into consideration when you come to know what is a fair price to the producer of milk. The farmer has no economic weapon. He is not organized. There is no organization whatever among the farmers up in my part of the country, absolutely not a vestige of it. He is helpless. The only thing we have in the way of an organization is this milk association and we do not attempt to withdraw our product from the market. I would not consent to doing that as long as I am in the business. If I belonged to an organization that requires that, I would resign because I owe a duty to the children and the babies of the country which I am willing to undergo a personal expense to fulfill. I would not join any association that has in it any element of strike. All we do is to recommend to our members what we think is a fair price and then they do what they like.

MR. MILLER. Do the granges have any influence on the price that the farmer shall receive for his milk?

DR. WILEY. There are no granges in our part of the country. There are a very small percentage of the farmers in the country. Whether they do I am not entitled to say, but I know that with us we have no understanding whatever. No farmer ever fixes a price on anything. I have been in the farming business 75 years.

SENATOR CAPPER. How long?

DR. WILEY. Seventy-five years.

SENATOR CAPPER. You started pretty early.

DR. WILEY. I never knew a farmer that could fix the price on anything. Take the case of steers. This farm that I am speaking of is a double one with a lane, a public road between two farms. The one that I am speaking of is what I call the upper farm. Just across the road my farmer grows nothing but fat cattle. I consult with him all the time about his sales. He gets all he can, but he is powerless to fix a price. If a man comes there and says, "I will give you 15 cents a pound for cattle," Mr. Williams may say, "I will not take it." That ends it. Another man comes along, and he says, "I will give you 14 cents." Mr. Williams says, "I can get 15 cents from this other man," but he never says to the man, "You can not get them unless you pay me 16 cents," because the other man will then break off the deal. There is no understanding at all about the price of fat cattle, nor the price of wheat.

MR. MILLER. Can you give the committee any ideas that you have about legislation here in the District of Columbia with respect to the inspection of milk?

Dr. WILEY. Yes; I am familiar with the milk legislation here, although I took no part in securing it. That was done by Dr. Woodward, the health officer. Of course, milk comes under the pure-food law, too, when it comes into interstate commerce. Milk in coming into the District of Columbia is subjected entirely, if need be, to the pure-food law and not to the regulations, because the pure-food law was passed subsequent to the milk law.

When I was in the Bureau of Chemistry I preferred to leave the whole milk question in the District to the health officer. I never bothered with it. But the law authorizes the production of milk under certain regulations to be fixed by the health officer with the approval of the Commissioners of the District of Columbia, and those regulations as far as they go are excellent, in my opinion, and necessary. They require a tuberculin test so that the milk that comes here may be free of tuberculosis. They also provide for sanitary inspection frequently, about once in three months and sometimes oftener. The inspector of the District comes—he never gives you any notice either—he just comes when he likes, and he marks down everything. There are about 40 points. He goes around with his pencil and he inspects everything that is there. If he finds any manure on the cows it is marked down. If he finds the stable is not clean, it is marked down. If there is anything wrong with the sterilizing apparatus—we sterilize with steam—it is marked down. There are some points on which we always get perfect marks, like our water supply and our herd. We have never been marked less than a hundred on those. Sometimes there is a dropping in the yard and it is not picked up immediately. It does not make any difference if it is only a minute old, we get marked down on it. The only thing I dislike about the law is that it provides no penalty for an insanitary condition. They ought not to allow milk to come into this city if the sanitary conditions are not proper.

The law does not permit any uninspected dairies to send any milk into this District. It must all come from dairies that have been inspected and all from dairies that have been tubercular tested. Yet it was an open fact that many of the dealers did bring into this city large quantities of uninspected milk during the last year and tried to undersell and break down the prices which the farmers were getting who had subjected themselves to this rigid inspection, which I considered extremely unfair. The health officer of the city brought a suit against one of these men. On some technical point the judge instructed the jury to acquit him. So he was not made to pay any penalty. They can not even revoke the license of a man under the regulations who brings uninspected milk into the city, but you can revoke the license of a dairyman who does not obey the sanitary law and the laws in regard to testing his cattle. That is, the present law is more lenient to the distributor here than it is to the farmer who produces the milk. That rigid inspection, that weeding out of tubercular animals, all increases the price of Washington milk, and very justly. It is better to have less milk and have it pure than to have more milk and have it contaminated, and the consumer naturally pays the price for this inspection.

Mr. MILLER. Then you consider that Washington is particularly fortunate in its milk supplies compared with other cities?

Dr. WILEY. I think Washington has the best milk supply in the United States.

Mr. MILLER. You are in a position to say that authoritatively in the cause of your former position here as Chief of the Bureau of Chemistry and a milk producer yourself?

Dr. WILEY. Yes. I do not judge it by my own milk. If I did, I would be more positive about it, but I judge it by the fact that the inspector who comes to me goes to all the other people who bring milk into this city, and the tuberculin test is applied to all the herds that send milk into this city if they obey the regulation, and this necessarily gives the city a better milk supply than any other city that I know of. In the case of New York farmers and dairymen the dealers pay the freight for them, and they have a much lower grade of milk than we have. Our law here that was passed by Congress requires the milk that comes into this city to have 3.5 per cent of fat. The New York milk law says milk is all right with 3 per cent of fat. Therefore grade B milk that comes into New York City may have only 3 per cent of fat in it, while all milk that comes into the District of Columbia has at least 3.5 per cent of fat. This makes the milk more expensive, because the fat is the ingredient which fixes the price for milk.

Mr. MILLER. Are those all the things you have to bring out, Doctor?

Dr. WILEY. Well, if there are any questions in regard to the matter I shall be glad to answer them. What I want the Senate committee to grasp particularly is the fact that we have a more rigid inspection than any other city that I know of. There may be others just as good. We have a particularly fine sanitary code of inspection that keeps the farmers jacked up to keeping things clean, and we have a pretty high freight rate which we have to pay ourselves.

I believe it is the part of wisdom to encourage the production of high grade of milk, and if anybody is to be restricted and put out of business, it ought not to be the producer. The public owes the dairyman a debt in view of the hardships of his life and the effort he is making, doubtless stimulated to a large extent by the regulation of the District to give these people here a good milk supply, so that we are entitled to a reasonable compensation. I should say that a farmer should have at least 10 or 15 per cent net profit on his business. That is a very mild margin for that kind of a business. That should be an average profit. It should be more in favorable years and less in unfavorable years.

Senator CAPPER. You mean that profit should be on what he has invested in his business after taking out reasonable compensation for his time?

Dr. WILEY. Yes. In the investment I have given you in my case I have only given you the actual cash I paid out for my dairy buildings and herds. I buy high-priced bulls of the best grades, Guernsey and Holsteins. I have a large number of registered cows. All the rest of the cows are high grade. You can not tell them from the full-blooded animals. I take great care of them, and I have spent lots of money in getting them and in putting in all modern improvements. Everything I have is up to date in the way of machinery. The wear and tear on machinery and the prices for repairs are enormous now. Just as an illustration: I have a little pump, which has a little check valve about as big as a silver dollar. That check valve became broken

I sent it to Mansfield, Ohio, and asked them to send me by parcel post a new check valve. That little valve cost \$1.01, including postage. We pay \$7.50 for milk cans now that we used to get for \$3.50, and the wires that we attach to the tops so they can not be taken off cost three or four times as much as they did formerly. Filtering cloths and every single item that the dairyman uses is two or three times the price that it was before the war, and you gentlemen know better than I that there is no use kicking against these high prices; they are perfectly natural; they could not be avoided. Whenever you increase the volume of currency in a country you cheapen it. I have data in here to show exactly the weights of the high cost of living due to various causes. I did not know what I was coming up here for; I thought I was to speak on the cost of living in general.

Senator SHEPPARD. We would be glad to have that for the record.

Dr. WILEY. I would be glad to have you get it for the record. It is a general discussion. I would like just to call your attention to this one item, that the total increase in circulation since the war began has been \$2,411,198,000. Now, the total increase in the cost of living, taking 1913 as a gauge—the index of all necessities, as reported by the Labor Bureau in the last printed statement, which is June, is 206. The cost of living has gone up 107 per cent. Currency has increased 71 per cent. The total rise in the cost of living is not due to inflation, but to other causes, and I trace them, too, and giving the weighting of them. I have the data here. It is not guesswork; it is absolutely based on facts.

Senator CAPPER. You say the latest figures show an increase of 107 per cent in the cost of living?

Dr. WILEY. Taking the prewar basis. The last statement issued by the Bureau of Labor is 206 for all necessities of life, and foods are up the same way. These are wholesale prices, mind you.

Senator SHEPPARD. Will you leave that statement with us, Dr. Wiley, for the record?

Dr. WILEY. Yes, sir. May I just complete this statement?

Senator SHEPPARD. Yes.

Dr. WILEY. I want to give you this summary of mine. I have data here which are exact for the inflation of the currency. They are taken from the report of the Federal Reserve Commission and after consultation with the Comptroller of the Currency, from whom I got a lot of valuable information. To diminished supply, due to the ravages of the war, and the slowing up of production by strikes and other reasons, coupled with the increased demand, not only for the war waste and the feeding of our soldiers and our allies, but now our enemies, I give a weight of 15 per cent of the total increase; that is, the inflation of the currency, depending on the dollar, is 65 per cent, and the diminished supply and increased demand 15 per cent.

When it comes to profiteering, I have made a careful study of that, and all I can get out of it is 15 per cent increase in the cost of living.

Senator CAPPER. How do you find out where the profiteering is?

Dr. WILEY. I can not find out exactly, but I have analyzed one subject here, and I judge the others by that.

Senator CAPPER. You have made just an estimate?

Dr. WILEY. The poet says, "Ex pede Herculem"—You can judge of Hercules by his big toe. So I have taken one big toe and I have judged the rest of Hercules by that. Our extravagance in the way of automobiles, movies, patent medicines, expensive buildings, misleading advertisements, and so forth, I have placed at 5 per cent. That makes 100 per cent the whole cost of living.

Senator SHEPPARD. What do you mean by "misleading advertisements," Doctor?

Dr. WILEY. Here is my text, "Lying or misleading advertising contribute something to the sum total of living expenses. The consumer can afford to pay for truthful advertising that puts him in touch with what he really needs. Advertising that creates a longing for things not needed is harmful. Advertising that lies about articles is vicious. Newspapers and magazines owe their readers a moral obligation to tell the truth. Prior to the Fourth of July the newspapers were carrying a message from Jess Willard to the effect that 'Nuxated Iron' gave him the punch that put Jack Johnson to sleep. Since that date Dempsey is the logical medium of delivering the message. Maybe Nuxated Iron enabled him to put Willard to sleep. There was not so much of a tug of war when Nuxated Iron met Nuxated Iron. One would think from the advertisements that all tobacco used in the United States grows in Egypt, Turkey, and Cuba. It takes a whole page of a newspaper for rival firms to tell why the general public is dealing exclusively with each in tires. The purchaser pays the piper, no matter what devious paths lead up to it. Before the pure-food law was passed nearly all the coffee in this country purported to come from Java and Arabia."

Now, that is the type of lying and deceptive advertising that you pay for, mostly in patent medicines and things of that kind.

Another thing I analyzed is wheat. Wheat is the fundamental basis of our diet. If we spend money for cereals, we get more for our money than anything else under heaven. I would like to call your attention to one matter with respect to wheat. It is a point regarding which I was astounded when I discovered it. The point is this: Wheat is the basis of the bread of a good part of our country, especially the northern part of it. It is used to a large extent in the South, although corn bread is used to a large extent there also.

Senator CAPPER. Corn bread is pretty strong out in Kansas, too.

Dr. WILEY. In the only interview I had with Mr. Hoover—and that was at his request; I did not seek it—I suggested to him that if he wanted to save wheat he ought to require the milling of more of the berry in the flour; that we were only getting 72 per cent of flour out of wheat, when the most wholesome flour in the world is whole wheat flour. Instead of adopting my suggestion he told me that he had known personally of over a thousand Belgians who were killed by eating whole-wheat flour. Well, he believed that story. But he was deceived. I have that all in here. What happened was that he put the whole wheat situation into the hands of the Food Administration, and they required that there should be mixed with wheat flour a certain percentage of other cereals, a most just requirement. But they set their rule firmly against whole wheat flour. I have sometimes thought that the millers might have had something to do with it.

Now, what happened? In 1914, before we entered the war, the number of bushels of wheat exported was 187,861,946 and the number of barrels of flour 12,768,073, showing wheat bushels 14.8 to 1 barrel of flour.

In 1918, when the wheat was wholly under the control of the Grain Administration, 111,177,103 bushels of wheat were exported and 21,706,700 barrels of flour, or 5 bushels of wheat to 1 barrel of flour.

If we take the data for the fiscal year 1918, these remarkable figures appear: The bushels of wheat exported for that fiscal year were 34,118,853, and the barrels of flour exported were 21,880,151; bushels of wheat to a barrel of flour exported was 1.5. At the beginning of the war France and England required their millers to mill up to 85 per cent so as to add more nutriment to the flour than they had before. But we sent them nothing but flour, throwing the whole business of milling into the hands of our millers.

Mr. Julius Barnes, head of the Grain Corporation, says that his corporation in handling the wheat last year made a profit of \$23,000,000. Of course, that is passed to the consumer, too. They had to pay every cent of it. But of that sum, he says, \$4,500,000 was excess profits.

Anyone who has had the good fortune to pay excess profits on his income can well understand what his total profits were if he paid \$4,500,000. Both these great profits and excess profits and the \$23,000,000 profits of that corporation for the year have been added to the consumer's bread bill and have thus increased the cost of living. We not only pay our own income tax, but also that of the mills and the Grain Corporation. I am therefore forced to the conclusion that at least a very considerable amount of the increased cost of bread has been due to the Government activity in promoting the type of profit which might well be dispensed with, while at the same time the forced milling of white flour has prevented a 25 per cent saving of valuable food in the wheat berry. The injury to health due to this condition of affairs is quite another matter and may not be discussed at this point.

All the wheat in this country was forced into the mills, and their profits, you may rest assured—I can not get at them, but the Federal Trade Commission can—has been enormous.

Now, this condition of affairs occurs: We use in my family whole-wheat flour. I save all the wheat necessary for my family for the year and I take it to the mill and have it ground, a little country mill, and I do the same with corn. But then we have visitors; they do not like our kind of bread, and I keep a little white flour for the visitors. You know the law of the Jews said, "Do not eat the unclean food yourself; save it for the strangers in thy gates." So we acted on that injunction of the sacred writer, and we had to have a little white flour for our friends. We paid \$16 a barrel for it just the other day.

Senator CAPPER. Did you buy it here in Washington?

Dr. WILEY. I bought it in Bluemont, where I live, out in the country. It is higher there than it is here.

Mr. MILLER. What is the exact name of the Oyster firm with which you do business here in the city?

Dr. WILEY. George M. Oyster, jr.

Senator CAPPER. We are very much obliged to you, Dr. Wiley.

Dr. WILEY. I hope you Senators will find time to read this document I have. I start out by saying that my impression is from having read the speeches in Congress—excuse me for commenting on them—that problem has been more frequently cussed than discussed.

Senator DIAL. Doctor, would it not help decrease the cost of living if we used more hominy? Down South we use ground coarse hominy.

Dr. WILEY. Do you know the jump in the price of corn? Do you know it is \$2.10 a bushel now?

Senator DIAL. Yes.

Dr. WILEY. A lot of it is wasted in making hominy. The germ is taken out, which is one of the most valuable parts of the corn, and the hull is taken off, which is another valuable part. The hominy is the least valuable part of the corn. Hominy is not nearly as good as whole-corn meal as a diet.

In this document that I have here, which I desire to submit to the committee, I have gone into the causes and remedies. I shall be glad to read it in full if the committee desires to have it.

Senator SHEPPARD. If you will hand that to our reporter we will have it incorporated in the record.

(The statement referred to is as follows:)

HIGH PRICES—THEIR CAUSES AND REMEDY.

It is with extreme diffidence that, in obedience to your request, I venture to give the following views on the subject of high prices, their causes, and remedies.

The question is admittedly complex and the general result of all contributing causes is the one problem which all are seeking to solve. As I have read the discussion before the committee in the Halls of Congress, on the forums, and in the public press, I have reluctantly reached the conclusion that the problem has been more frequently cussed than discussed. Many minor factors have been magnified as if they were of major importance and the major factors have been as frequently minimized. For instance, marketing by telephone and delay in the ratification of the treaty have been featured as contributing factors to high prices. It is plain that whatever effect they have had must of necessity be infinitesimal. Delay in compiling the treaty must necessarily have been as potent as delay in ratification proportionate to time involved in each since November 11, 1918. While nearly all students of this economic crisis are convinced that an inflated currency is the chief factor, very few of the published views have even recognized the existence of such a cause.

In an address I gave to the Economic Club of New York at the Hotel Astor in January, 1917, I pointed out that the increase in gold and other currency per head had greatly cheapened the dollar and thus diminished its purchasing power. I think we all agree that if any one metal is to be taken as the standard of value there is none that has so many favoring properties as gold. Before we entered the war the belligerent and neutral nations were purchasing vast quantities of supplies of all kinds, and paying for them in gold. The volume of gold in the country had already increased nearly 40 per cent. According to the figures furnished me by the Comptroller of the Currency, in July, 1914, there were \$1,887,271,000 of unhoarded gold and gold bullion in the country. In January, 1917, at the date of the address referred to above the stock of gold had risen to \$2,912,465,000. The maximum amount of gold in the United States was reached in April, 1919, amounting to \$3,092,431,000. Since that time there has been a slight decline and on July 1, 1919, the stock of gold had fallen to \$2,989,548,000. Since we entered the war, therefore, there has been no great increase in gold. We must look elsewhere for the further source of an inflated currency. The total amount of all kinds of money in circulation in the United States, outside of the United States Treasury, at the dates mentioned, were as follows:

July, 1914	\$3,367,369,000
January, 1917	4,498,061,000
April, 1919	5,863,288,000
July, 1919	5,778,565,000
Total increase in circulation of	2,411,196,000

The index number of the wholesale prices of the various necessities of life, food, fuel, clothing, rent, medicine, etc., at the dates mentioned, were as follows. This is based upon assuming 100 as the normal peace price before the war:

July, 1914	99
January, 1917	150
April, 1919	203
June, 1919	206

The percentage increase in the circulation is 72, while the percentage increase in the cost of living is 107. It is evident, therefore, that 35 per cent of the increased cost of living is due to other causes than increase in the amount of money in circulation.

Without going into details of computation it is easy to see that the wholesale prices of the necessities of life have not only kept pace with the amount of gold and the volume of all moneys in circulation, but have exceeded it by considerable amount.

One of the arguments in favor of the establishment of that most helpful financial gyroscope, the Federal reserve bank, was that the system would provide for an elastic currency to meet the demands of great necessities. This system was fully established at the most opportune time. One shudders to think what the financial condition of our country would be at the present time had it not been for that stabilizing influence. The data which have been given above show that the stock of gold in the country has increased by about \$1,000,000,000 since the beginning of the war. If we assume that at least \$1,000,000,000 of this increase found its way into the vaults of the Treasury and into the Federal reserve banks, we will be able to trace the principal source of the increased money in circulation. For all gold and gold notes delivered to the Treasury vaults and the Federal reserve banks, Federal reserve notes are exchanged dollar for dollar. When gold is deposited in a Federal reserve bank it is permitted to issue \$100 of currency for every \$40 so deposited. A million dollars of gold, therefore, would warrant the issue of \$1,600,000,000 in Federal reserve notes, thus increasing the currency by this amount.

The maximum figure which has been reached in the actual volume of Federal reserve circulation is \$2,540,964,000. There are other ways in which the money circulation may have been increased. New national banks may have been created, issuing currency on the basis of the United States bonds held by them. Established banks may have obtained larger quantities of bonds and thus increased their circulation. The mints may have put out additional amounts of gold and subsidiary coin. In so far as the gold is concerned, however, the increase in the circulatory medium has been included in the estimate based on the amount of gold at hand. Thus the increase in circulation has been brought about in exactly the way provided in the legislation establishing the Federal reserve systems.

Unfortunately, Congress could not also have provided in the act that the increase in the circulating medium should not make money more abundant and therefore cheaper. A higher law than that of Congress obtains, namely, the law of supply and demand. If we grant that this increase in circulation has been a very active factor in the increase of prices, it is logical to assume that a decrease of the amount of money in circulation will reverse the action. The same law that provides for an expanding currency also provides for a contracting currency. The Federal reserve banks also issue notes based on rediscounted commercial paper which they hold. The principles which justify this expansion of the currency are exactly the same as those which justify the expansion of gold. They need, therefore, no further elucidation. The data which I have quoted show the beginning of the contraction of the money in circulation. It is highly advisable that the contraction go on slowly, but it is all important that now that it is started it should keep going. We should make up our mind, however, to the fact that it will be slow and probably never reach the minimum of prewar conditions.

The present condition of affairs accentuates the fact that we should have the more stable standard of value than gold. In the address which I gave before the Economic Club, alluded to above, I suggested such a tentative standard. There is one factor which might be seized upon as a standard, which has never changed and never will change, namely, the quantity of a well balanced diet necessary to support an average man. It is customary to estimate such variation in heat units (therms, calories), the number of such units may be based at 3,000 per day. Man, in his earliest history consumed that number of

calories. Through all the ages this number has not changed. In all times to come it will be the same. It would be wise to base the standard of value upon this factor. Wages, small salaries, small incomes, would thus automatically represent varying numbers of dollars, and all could thus maintain an unchanging ratio to the cost of necessities. Strikes and riots would forever disappear.

The other factors entering into living expenses, such as fuel and clothing vary with the season, the latitude and the fashion, but the standard diet is eternal. It is interesting to note that one element of diet, namely, wheat, is a fair index of the cost of living as published by the Department of Labor month by month. The quantity of wheat, therefore, which would supply 3,000 calories for the sake of simplicity, might be regarded as a standard of value. While a discussion of this point would be of interest in the adjustment of wages it is not germane to the present problem. I may only say this, that if 3,000 calories of wheat are worth 10 cents when the index is 100—that is, normal—it would be worth 20 cents when the index is 200 as it is to-day. If labor were paid on this standard the wage would automatically increase or decrease in dollar with the cost of living, and the laboring man would thus never change his relations to the cost of living, which would be automatically adjusted to include a greater or less number of dollars as the index for wheat rises above or falls below 100.

LAW OF SUPPLY AND DEMAND.

I come now to consider the second factor of the present problem, namely the law of supply and demand. In a statement recently issued by the Federal Trade Commission, August, 1917, I find the following:

"That the law of supply and demand is immutable and to be blamed for high prices does not seem to be borne out by figures. Not counting the Government's surplus stocks, there was a greater supply of foodstuffs in this country on June 1 this year than on the same date last year. The excess is 19 per cent in the combined total of a number of the most important foods in diet and cold storage."

Based on a statement of this kind, a propaganda has started to control by artificial means the prices of commodities. A cursory analysis of the statement of the Federal Trade Commission does not warrant the conclusion drawn. The inference suggested is that because there is a larger supply of food on hand food prices should be lower than at the time the comparison is made. In point of fact they are higher.

I desire to draw attention to the fact that the foods referred to were principally in cold and dry storage and in the hands of wholesalers. Such foods are not in any true sense a part of supply. The stock of gold, in so far as we know, hidden in the earth is inexhaustible. It is only the supply of gold available for commercial purposes that is the basis of circulation. The amount of food stored or withheld from circulation, for whatever reason, is 19 per cent greater this year than last, at the same time, namely, June 1. The natural effect of thus diminishing the available supply of food is to increase its price. The data furnished by the Federal Trade Commission show that the law of supply and demand is immutable. The whole history of sumptuary legislation is one long record of failure. There is only one law that can even temporarily supplant the natural law of supply and demand, that is martial law. No one denies that there are crises in the affairs of men when martial laws are necessary. The artificial decreasing of the food supply or improper storage does not require a sumptuary law, but a simple, restrictive law to prevent the artificial obstruction of the law of supply and demand.

We must be content with the fact that large quantities of the necessities of life—that is, food and clothing—were found accumulated at the close of hostilities in November, 1918. The Government would have been justly criticized if such had not been the case. Not the most optimistic of those in authority expected such a speedy collapse of the enemy. The most hopeful anticipated that the war would continue a year at least longer. It would have been criminal in such a case had not these huge supplies of food and clothing been withdrawn from the general supply. This was an entirely proper interference with the laws of supply and demand for patriotic purposes. The logical result of such an accumulation of stocks is to increase the price of the remaining available supply. It may be a matter of just criticism that these supplies have so long been withheld from the arteries of trade. They are now being distributed rapidly, and this cause of high prices will disappear.

A serious attempt is also making to disgorge the accumulated foods and clothing in private and corporate storage. I do not deny the utility of storage. I have always maintained that it should be strictly limited by law to its proper purpose of saving in times of plenty for times of scarcity. Whenever any necessity of life is held in storage for the purpose of increasing the price of a like body in the arteries of trade there is an interference with the natural law of supply and demand.

War is the most destructive of all known agencies. Not only does it sacrifice human life to an extent that is appalling to the most hardened, but it also destroys the necessities of life. I shall not attempt to present data showing the amount of food, clothing, shelter, and fuel destroyed during the course of the World War. The destruction has been so great as to seriously impair the quantities of necessities available for use.

Coupled with this is the enormous withdrawal of active men from their usual vocations. A very large percentage of the soldiers who entered the war were actual producers of the necessities of life, food, fuel, and clothing. I could hardly venture upon figures showing the percentage of human activity diverted to the purposes of war. This number not only was made up of soldiers in active service, but of munition workers of all kinds, who were not at the front. Should I place the shrinkage of production of the various nations engaged in the war at 20 per cent I do not think I would transgress the limits of probability. Moreover, the conditions in our own country are peculiar. While our armies are demobilizing and our soldiers are returning to industrial life, we are called upon not only to feed our late allies but also our late enemies. This drain upon our reserves has not yet been compensated by increased production of foodstuffs.

The unfortunate trend of organized labor to restrict output has also seriously affected unorganized farm labor. I have great difficulty now in getting 10 hours of labor on my farm. The useless confusion due to Congress trying to regulate the control of the sderial systems makes it extremely difficult to get a man on a farm to work by Congressional time, and equally difficult to keep him at work after legislative 5 o'clock. I thus lose one hour in the morning and another in the afternoon. Farm production has been tremendously slowed down by this tinkering with time. Thus there has been an entirely natural but unwise accentuation of price of the necessities of life to the consumer.

DETAILED STUDY OF RELATION OF SUPPLY AND DEMAND.

In 1914 the total wheat crop was 891,000,000 bushels. Converting into wheat the barrels of flour exported by multiplying by 4.5, I find that the total wheat exported was 244,000,000 bushels. This amounts to 27.4 per cent of the entire crop.

In 1918 the wheat crop was 917,000,000 bushels. Converting the flour as above and adding to the wheat exported, the total amount is 289,000,000 bushels, or 32 per cent of the crop.

Apparently the foregoing data of exportation show only a small percentage diminution of the domestic supply in 1918. We assume in this case that the importation of wheat for the two years was practically the same. The increase in population for the four years, namely, 8 per cent, was proportionately greater than the increased wheat supply in 1918. The demand for wheat was to that extent increased. These two factors, namely, the increase in population over the increase in wheat from 1914 to 1918 and the increased percentage of population, both tend to increase the price of wheat. It is difficult to assign a percentage increase in price which corresponds to the actual facts in relation to supply and demand. Apparently it is not the total supply of wheat in the country that is affected, but what is known as the visible supply. The wheat which is not offered on the market is not technically a part of the supply. Gaged by this factor, the available or visible supply of wheat in 1914 in proportion to the population was very much larger than the proportionate visible supply in 1918. It seems fair, therefore, to place the increase in price, due to the relation between supply and demand, at about 15 per cent.

MEATS.

In the case of meat a much more complex problem presents itself. The difficulty is increased by the fact that in 1914 the smallest meat crop ever known since 1900 was gathered in the United States. Representing the pro-

duction in 1900 of meats, and that includes all meats and all meat product except dairy products at 100, the figure for 1914 is only 95.8, while in 1918 it rose to 123.9. The supply in 1914 was not equal to the demand in our own country, and during that year, in round numbers, 200,000,000 pounds of meat were imported. In 1918 the amount of meat imported was only 25,500,000 pounds. The same remark made about the visible supply of wheat applies also to meat. It is evident, therefore, that our country the first year of the war was with an extremely low quantity of visible meat in stock, and this is one thing that led to the rapid increase of prices.

The total quantity of meat produced in 1914 was 18,077,793,000 pounds. In 1918, in round numbers, 23,000,000,000 pounds. This shows an increased production in 1918 of nearly 4,000,000,000 pounds. The amount of meat exported in 1914 was 1,250,000,000 pounds. In 1918 it was 3,100,000,000 pounds.

While these data show a greater domestic production in 1918 over 1914 they also show an enormously greater export, amounting in round numbers to 2,000,000,000 pounds. As the export always comes from the visible supply, the drain upon the available supply, due to the huge exportation, must have been extremely great. This was undoubtedly one of the causes of the rapid appreciation in the price of meat.

The consumption per head of meat is also a guide toward judging between supply and demand. The statisticians of the Department of Agriculture give the following annual consumption data per head for the United States for the years mentioned: 1900, 215.9 pounds; 1914, 176 pounds; 1918, 193.5 pounds.

These data, of course, interpreted in proportion to the population, show a very considerable decline in the consumption of meat in the last 20 years per head. This is probably not due to the fact that we love meat less, but that we hate its high cost more. This fact, however, would not apply to the data for the consumption for 1914, for then the price was quite low. The facts, however, do show that either the scarcity of the supply or the high price have deterred our people from eating as much meat as they did years ago. It is estimated that our population has increased 38 per cent since 1900. Had we continued to eat meat at the rate we did that year there probably would have been little available for exportation, and the price of meat would have gone still higher. The relation of the price to the available surplus is a very sensitive one. The enormous amount of meat which we sent abroad increased that sensibility. In view of all the data available I am inclined to put the price of meat as far as the increase is concerned, due to the mobility and uncertainty of the supply, at about 20 per cent.

DAIRY PRODUCTS.

Dairy products being of animal origin should be treated in connection with the meat supply. Until the advent of the war the United States had never been a great exporter of dairy products. The relative quantities of dairy products exported in 1914 and 1918 are as follows:

	1914	1918
	<i>Pounds.</i>	<i>Pounds.</i>
Butter.....	3,500,000	26,000,000
Cheese.....	2,500,000	48,500,000
Evaporated milk.....	15,000,000	551,000,000
Total.....	21,000,000	625,500,000

Each pound of evaporated milk represents two pounds of milk. Converting the evaporated milk into milk we have the following data: 1914, 30,000,000 pounds; 1918, 1,102,000,000 pounds. Converting these data into gallons by dividing by 8.5 we find the quantity of milk exported in the two years as follows: 1914, 3,500,000; 1918, 130,000,000.

This quantity is relatively small in comparison with the total amount produced in the United States. The average cow will yield approximately a gallon and a half of milk per day for the year. The total quantity of milk produced each day, assuming 22,000,000 milk cows in the United States, would be 33,000,000 gallons. The export of 130,000,000 gallons therefore would amount to only about four days' supply of the whole country. In this case

wherever, the amount of milk exported must be referred to the available visible supply of the country. This, as is well known, has not been a very generous one. It would be unwise to express any definite opinion as to the increase in price of milk due to the enormously increased portions exported over 1914. We should place it at 10 per cent the margin either way would probably not be very large.

I have gone into considerable detail in regard to this important problem by reason of the fact that we are prone to overlook the extremely sensitive relation between the available supply of our food and the daily necessary consumption. I am inclined to the opinion, however, that my oral statement to the committee, which was made before these studies of the analytical data were completed, placed the increased percentage of price due to the relation of supply and demand at a somewhat higher figure than is justified by the data which I have presented. If I remember correctly, I suggested 25 per cent as the proper amount of the increase in the cost of living to this relationship. I believe I should correct that in the light of the above data and make only 15 per cent. I am now able to summarize the factors leading to this increased cost of living in a somewhat more definite and reliable expression than in my oral statement. I venture the following as an approximate contribution of the total excess in living cost:

	Per cent.
Fluctuation of the currency-----	65
Increased demand and decreased supply-----	15
Due profits-----	15
Wastefulness of the consumer-----	5

Of the above facts relate to things which are entirely unavoidable in a time of war. I believe at least 80 per cent of the increase of price of necessities is due to the causes enumerated above. We should realize these hard facts and assume a philosophical attitude toward the results which they have produced. It is the part of wisdom and patriotism to accept this condition of things which could not have been avoided in view of the world catastrophe through which we have passed.

There remain a number of minor contributing causes which might have been avoided and which may be speedily corrected without indulging in any sumptuary legislation.

PROFITEERING.

A state of war affords opulent opportunity to the keen business man devoid of any oppressive degree of conscience to make money. In the stress of circumstances materials must be provided in a hurry, and the Government must do without meticulous regard to driving the best bargain. That many individuals have made enormous fortunes through such opportunities can not be denied. But after all the aggregate of these fortunes bears a relatively small proportion to the total expense of the war. There is no excuse for accumulation of this kind. The sooner they are found out and the quicker they are punished the better. The graduated income tax, and especially the excess profits tax, is a scheme aptly adapted to recover some of the results of profiteering. I know it is possible to evade the tax. Nevertheless the heavy fines and terms of imprisonment deter most people from indulging in this pastime. There is a system of profiteering which I fear is to some extent protected, and promoted, by official authority. I desire to call attention to just one of the possible sources of profiteering.

SUPREME CONTROL OF WHEAT BY THE FOOD ADMINISTRATION.

As much as bread is a fundamental factor in all economical diet it is pertinent to ask in what way the Food Administration discharged the trust committed to its care. In the first place the efforts made to conserve wheat by requiring other cereals to be used with it was eminently proper and reasonable. As nutritive properties other cereals are quite as good as wheat. They are not well suited to panification by reason of the fact that wheat contains the essential gluten, a substance which by reason of its expansibility and tenacity permits to the fullest extent the development of the leavening process. The fact that those accustomed to the use of wheat bread find it more palatable than desirable in every way caused much criticism of this mixed bread, and evoked a certain degree of hostility to those requirements. To my mind this attitude on the part of the public was wholly unjustifiable.

WHITE FLOUR.

The American people are accustomed to the use of white flour. Only 72 per cent of the wheat berry is converted into flour in the manufacture of the so-called patent flour. The other 28 per cent is called "offal." It consists chiefly of bran, middlings, and shorts. These are composed of the outer envelop the germ, and the slightly colored portions of the endosperm. They are sold as mill feeds, largely for dairy purposes.

The investigations of the Public Health Service and a large number of other experts have shown that white flour and bread made therefrom are to a certain extent unwholesome. A diet composed largely of white flour and degerminated and decorticated corn meal, that is finely bolted flour and meal favors the incidence of scurvy, pellagra, polyneuritis, and beriberi. On the other hand bread and other cereal foods made from whole wheat flour or from flour containing at least 90 per cent of the wheat berry do not produce these injuries to health. The same is true of bread and other cereal products made from the whole ground Indian corn. Early in the war France and England undertook to economize in the case of wheat by requiring the flour made therefrom to contain at least 85 per cent of the wheat berry.

Mr. Hoover told me personally, in the only interview I had with him, when I suggested that the best way to save wheat was to require all flours to be made of the whole wheat berry, that this was a very dangerous food, that he had known personally of over 1,000 Belgians to die from eating bread made from it. Objection was made by the English people for a similar reason to the requirements of the war food committee of the English food administration in the high milling of flour. The Royal Society was asked to investigate the accusation that such flour made an unwholesome bread. The results of this examination are contained in an official pamphlet issued by the food (war) committee of the Royal Society on the digestibility of breads. This report was issued in the spring of 1918. It consisted of the data of experiments made on 12 individuals. The conclusions on page 14 are as follows:

"That by increasing the extraction of wheat in milling from 80 to 90 per cent a gain of energy available for man of 286,650 calories per metric ton of wheat milled would be obtained. This would be equivalent to an increase of about 1,700,000 million calories of energy on the wheat milled each year in this country before the war, or enough to extend the cereal supply of energy for more than one month.

"A gain of protein available for man of 35 pounds on each ton of wheat milled would be secured. This is equivalent to an increase of about 90,000 tons of protein on the wheat milled each year in the country."

In regard to the effect on health, the committee make the following statement on page 14:

"If the very definite economy in the utilization of wheat, which, as the experimental data show, would follow upon extraction on the 90 per cent scale were associated with ill effects upon health the policy could not be adopted. As stated in section 6, of the 12 subjects who took bread B one suffered from somewhat severe intestinal disturbance. Due weight must be given to this case.

"According to his statement, however, he has never in the past been able to eat brown bread without discomfort. This seems to stamp him as exceptional. The proportion of the whole population possessing such sensitiveness is likely to be less than 1 in 12."

Again it is stated on page 11, on the same subject:

"He was exceptional in drinking beer during the course of the investigation. Reviewing the symptoms as a whole, there was among them nothing to import save in the case of the one London subject."

Similar facts are set out in detail in the publications of the Public Health Service and confirmed by many independent authorities. Armsby in his book entitled "The Conservation of Food Energy," also bears witness to the increased economy of high milling, meaning by that phrase retention of a high percentage of the wheat. On page 33 he says:

"These figures make it appear that there is a slight advantage in milling to 86 or 87 per cent and a greater advantage still in leaving all bran in the flour, as in the manufacture of graham flour."

Again, on page 15, he says:

"Nevertheless, the ultimate object of all food-control measures is the recovery of the greatest practicable amount of food value from the products of the soil and a fundamental requirement for intelligently combining all the diverse factors under changing conditions is a quantitative knowledge of the efficiency of different methods of procedure in conserving the food supply."

It is evident, therefore, that both for economy and wholesomeness the retention of the chief part or all of the cereal is justified by the testimony of competent experts.

In view of the overwhelming evidence at hand showing the general wholesomeness and economy of whole wheat bread or 90 per cent wheat bread it seems that the attitude of the Food Administration in discouraging the use of whole wheat bread was not only a mistake on the point of view of health but a still more serious mistake from the point of view of conservation.

I understand that convincing proof of the trouble among the Belgians to which Mr. Hoover alluded, to the effect that the flour in question was made from spoiled and moldy wheat which could not be marketed in this country, but was sold to the Belgian Commission, was laid before the Food Administration. In so far as I know this led to no correction of the former statement.

At any rate apparently the whole tendency of the grain corporation was to drive not only all the wheat that our own people could consume into the flour mills but practically all that was sent abroad. Advantage was taken of this attitude of the Food Administration for an active propaganda throughout this country to discourage the use of whole-wheat flour. This was especially promoted in the technical journals devoted to the milling industry. Only a week ago I had a letter from the proprietor of the great western mill at Los Angeles in which the Belgian statements mentioned above were urged as a reason for not using whole wheat flour. If my suggestion had been carried into effect we would have saved nearly 30 per cent of our wheat in the last three years and also had a far more wholesome bread than we have been using. This enormous amount of additional breadstuff following the immutable law of supply and demand would have undoubtedly cheapened bread to our whole population.

That the great millers did not really believe the stories about the unwholesomeness of whole wheat flour is shown by their advertising of Health Bran. I have before me an advertisement of Pillsbury which says: "Bran made according to the Pillsbury's recipe is both healthful and delicious. Every member of your household will enjoy this bran bread and feel better for eating it." This bran is sold to the consumer for about \$240 a ton.

KEEPING THE MILLS OF FRANCE AND ENGLAND IDLE.

There are other aspects of the flour problem still more interesting. I have alluded to the fact that both England and France adopted the suggestion which I made to Mr. Hoover and required all wheat to be milled up to at least 85 per cent of the weight of the berry. The officials in charge of our own grain supply, both for domestic and foreign purposes arranged for a guaranteed profit to the mills making white flour apparently greatly in excess of any profits which they had in prewar times. As I recollect the permission of the Food Administration, the mills were guaranteed 75 cents profit on each barrel of flour above the cost of the wheat entering therein. In addition to this it appears that the whole of the price obtained for the so-called offal was an additional profit. I do not have access, as the Federal Trade Commission has, to the exact data covering this point, but I do not exaggerate at all when I express the opinion that the mills never had such profitable years as those have been when they operated under the guarantee of the Food Administration.

Very interesting data on this point are obtained from the reports of the Bureau of Statistics of the Department of Commerce on the Foreign and Domestic Trade of the United States. The data which they have published monthly show an increasing percentage of flour shipped abroad and a decreasing percentage of wheat. This was hard on the mills of England and the people of England. By shipping white flour abroad the English were deprived of at least 10 per cent of the nutriment which they would have had if the wheat which entered into the flour had been sent instead. Naturally it was to the interest of the mills of this country by reason of the exuberant profits

they were obtaining to have the milling done here. I have collated the data from the reports of Domestic and Foreign Commerce in the following table:

Relative quantities of wheat and flour exported 1914-1919, inclusive.

	Wheat.	Flour.	Bushels of wheat to one barrel flour.
	<i>Bushels.</i>	<i>Barrels.</i>	
1914.....	187,861,946	12,768,073	14.1
1915.....	205,829,820	15,680,801	13.1
1916.....	151,019,686	14,379,000	11.6
1917.....	101,202,318	13,916,004	7.4
1918.....	111,177,103	21,706,700	5.1
1919 (fiscal 11 months).....	162,192,890	20,576,048	7.4

For the 11 months of the fiscal year 1918-19, ending June 30, 1919, some signs of a return to a prewar basis are manifested. Almost 8 bushels of wheat were exported to 1 barrel of flour.

If we examine the data for the fiscal year 1918—that is, from July 1, 1917 to June 30, 1918—a most remarkable condition of affairs is revealed. The bushels of wheat exported for the fiscal year were 34,118,853; the barrels of flour exported were 21,880,151. Bushels to a barrel of flour exported was 1.5. The month of July, 1918, indicated the practical suspension of the export of wheat. The data for that month are as follows: Bushels of wheat exported 6,719,075; barrels of flour exported, 16,456,820; bushels of wheat to barrels of flour exported, 0.4. These data show that as the control of wheat and flour passed more completely under the control of the Grain Corporation, the relative proportions of wheat exported to the barrels of flour exported showed a progressive decline. The month of July, 1918, a month that shed such a crown of glory on our Army, witnessed the most complete absorption of the wheat of this country and its most complete conversion into flour. If we assume that the average profit on flour at that time was \$2 a barrel, it is easy to see that the mills made \$32,000,000 profit on exported flour. The Food Administration also discriminated against the consumer in allowing the mills to charge him more for a barrel of flour than they did to the dealer in less-than-carload lots. By provision of the bulletin issued August 2, 1918, "the marginal allowed mills on sales of less-than-carload lots is 50 cents per barrel to dealers, bakers, etc., and \$1.20 to actual consumers over each mill's car-load price."

There is another source of profit also utilized by the mills in the following manner: It is apparently the universal custom to add a considerable amount of water to the wheat before it is passed to the rollers. This process is called "tempering," but it isn't tempering the wind to the shorn lamb, namely, the consumer. The Department of Agriculture has lately issued a bulletin showing the quantities of moisture thus added. In some instances it rises considerably over 2 per cent, and the average is at least 2 per cent. A portion of the added water may disappear during the milling, but the greater part of it remains in the flour. The milled flour contains a much greater content of moisture than the wheat brought to the mill and this is sold to the dealer or consumer at 4 cents a pound. As there are nearly 200 pounds in a barrel the barrel contains 4 pounds of added water, which at 6 cents a pound amounts to 24 cents.

That is rather a nifty price to pay for water. The excuse for adding water is that it enables the mill to separate the bran more completely. I have already shown that the more bran you take out of flour the less wholesome it becomes. The additional water injures the keeping quality of the flour. It is a clear case of adulteration.

But the injury to the consumer does not stop here. Recent hearings before the Bureau of Chemistry disclosed the fact that the bakers are adding regularly a certain percentage of corn flour to the wheat. The hearing before the Bureau of Chemistry was a protest against a very just ruling of the bureau to the effect that the addition of corn flour to bread presumably made of wheat flour was an adulteration. The general trend of the statements made before the bureau was that the bakers were adding 5 per cent of corn flour to wheat flour. One of the millers of corn flour stated that he sold hundreds of thousands of barrels of corn flour for years before the war. As a result of

hearings it was decided not to enforce the suggested rule of labeling bread "Made partly of corn" to show its real constitution until further discussion and investigation could be had. Thus to-day according to the testimony we are getting not only 2 additional per cent of moisture in our flour, but also an average of 5 per cent of corn flour.

Mr. Julius Barnes, head of the Grain Corporation, has lately published the following statement in regard to the profits made by his corporation during the year:

"I have no direct advice from any Members of Congress as to the operating statements made by the Grain Corporation except a number of favorable letters that this agency of the Government was able to conduct the business without loss. Of the \$23,000,000 carried forward as earned surplus substantially \$2,500,000 was excess profits made by the mills during the crop year of 1917-18 and required to be refunded."

Any one who has had the good fortune to pay excess profits on his income can well understand what his total profits were if he paid \$4,500,000 excess. Both these great profits and excess profits and the \$23,000,000 profits of the Grain Corporation for the year have been added to the consumer's bread bill and have thus increased the cost of living. We not only pay our own income tax, but also that of the mills and Grain Corporation. I am, therefore, forced to the conclusion that at least a very considerable amount of the increased cost of bread has been due to the Government activity in promoting the type of profit which might well be dispensed with, while at the same time, the forced milling of white flour has prevented a 25 per cent saving of valuable food in the wheat berry. The injury to health due to this condition of affairs is quite another matter and may not be discussed at this point.

THE PRICE OF BY-PRODUCTS.

At the same time the Food Administration assured the mills of a fair profit, which is generally believed to be far in excess of what obtained in prewar times. It indicated what it considered a fair price for the by-products, assuming that the mills paid no more for wheat than the minimum price guaranteed for that article. In addition to the price which was wholesale in bulk, the buyers were also allowed a higher price for quantities less than carloads and for the bags in which the wheat was generally shipped. Some of the mills apparently were not particularly careful to confine themselves to the price which was indicated. My own experience may throw some light on the subject. I bought in broken lots, furnishing the bags myself, several tons of wheat at the mill to which I had sold my wheat for \$2.05 a bushel. At that time the rate mentioned by the Food Administration for bran was about \$25 a ton for carload lots and 50 cents additional per ton for less than carload lots. I was charged at the rate of \$45 a ton for the first part of this purchase when I protested against the price as being contrary to the rule I was charged at \$40 a ton for the remainder. I wrote both to the Food Administration and to the office in charge of milling in New York and received no reply either. I then addressed the food administrator of Virginia. He was courteous enough to reply to my letter. He informed me that mills were allowed various additional charges for by-products and that he thought \$45 a ton was not too much for the bran. He advised me, however, to apply to the county administrator. I did so, and had a prompt and courteous reply. Informing me that he thought the charges I paid were far too high. Just about this time there was a change in the food administrator for Virginia and the county administrator took the matter up with the new official. The final result was that the mill was required to refund \$60, which was at the rate of about \$12 a ton. Even with this refund I paid \$33 for a part of my bran and \$29 for the rest. Both of these figures were far beyond any charge which a careful study of the Food Administration literature discloses. All the other farmers who bought at the high price registered no kick and got no rebate. Sometimes it pays to kick.

As I look at it practically all the great staples in the food line were administered by committees composed of persons engaged in buying, refining, and selling of food products, the prices and distribution of which they were expected to regulate. It is not in the nature of human nature to anticipate even justice to all parties under such auspices. This fault may not be due to any desire of favoring one party over another, but to the inherited tendency of

the human mind to be guided by an unconscious cerebration in affairs concerning its own line of activity.

I have not attempted to analyze the profits made by the meat administrators, the sugar administrators, and the fuel administrators by those engaged in these several forms of business. I am not even insinuating that the administrator had any profit of any kind. Many of them, perhaps most of them, gave up their own private business affairs and in a noble, patriotic spirit of devotion gave all their thought and all their time and all their energy without compensation. It is not the individual fault which I criticize, but the plan, and the principle of the thing itself. Many investigations have been made of the meat industry and if one may believe the results which have been reached and the opinions which have been published a system of profits quite similar in the final effect, such as I have outlined in the grain industry, has been discovered. I have seen no studies of the results of the sugar administration. This branch of the Food Administration seems to have escaped criticism. I imagine that a searching investigation, nevertheless, would disclose the fact that the sugar business was carried on under the Food Administration without material loss to those engaged therein. I am inclined to believe, therefore, that the proposals to revive the practices of the Food Administration, widely extend them, and add more drastic powers, is not one which will appeal to the sober-minded citizen, nor be likely to do more than maintain and accentuate the opportunities for gain, to prevent which the proposal has been made.

I notice, for instance, the creation of a fair price commission in the city of Washington founded on the skeleton of the late food administration of the district. As I read over the proposed personnel of this commission I find in addition to consuming citizens principally the names of those engaged in wholesaling and retailing food supplies. We are all consumers, but we are not all in trade. These are the people who in the popular estimation have been guilty of the crime of profiteering. In the case of milk, for instance, it would be most unjust to fix a price to the consumer without at the same time fixing a price to the distributor. This means of course fixing a maximum price to the dairyman. It is quite the fashion at the present time to refer to the farmer as a profiteer and to the man who keeps a cow as being perfectly willing to let infants die from the lack of milk, rather than to be content with an insufficient wage for himself and those who labor with him. In all food matters any hit and miss price fixing which fails to take into consideration and counsel the farmer and the dairyman must of necessity go wrong. No matter what his hard conditions are, no matter if cottonseed meal is \$84 a ton and bran \$55, as they are to day, he has made no threat to strike and withhold his products from the market. He at least has a soul and a moderate degree of compassion.

As a farmer I am in touch with the cost of production of foods and textiles. As a consumer I am keenly aware of the rising price of necessities. When I paid yesterday seven and one-half cents for a peach and found it so hard to eat, I saw my lunch go glimmering. As a citizen I feel that in the campaign for the reduction of prices, all classes of citizens should be treated with equal justice. You may understand, therefore, how greatly surprised I was to see the composition of the proposed committee on fair prices.

The late Food Administration is not so much a memory as to allow me to forget that during the whole course of its existence it guaranteed generous profits to every manufacturer, broker, wholesaler, and retailer. Only the producer of foods and textiles and the consumer were left to care for themselves. No attempt even was made to see if the farmer had a profit. It is true that the price of wheat of No. 1 grade was fixed at a minimum of \$2.26 per bushel at certain designated milling points. The farmer living at a remote distance from these centers never had any No. 1 wheat in the first place, and in the second never came in hailing distance of getting \$2.26. Mr. Hoover has said himself that the fixing of this minimum guaranty was the only thing that prevented the price of wheat from going to \$3 per bushel. The farmer, therefore, does not feel that he has been very greatly benefited as a result of this legislation and of these edicts. Now, the dealers are asked to be good and to please let up a bit on the poor consumer. We all know they will pass the buck. It will be found on the next shuffle in the farmers' hands when the jackpot is to be opened. The farmer is unorganized, segregated, helpless. He has no way of making his voice heard. The organized farmers that have spokesmen are insignificant in number among the 20,000,000 farmers of the country. This great producing class is not even mentioned in connection with the committee to organize justice. You are building the roof, attic, and second story of your

edifice, and have no basement or first story. It is more mobile even than the house built upon the sands. It will not need to wait for the winds and floods. It will fall even before it is finished.

Meantime, it is the fashion to prate of the wonderful prices the farmers receive. On my own farm where a generous wheat crop was promised, a deadly plague swept the fields, and destroyed the harvest on the very eve of its commencement. The harvested wheat will scarcely pay for the seed and fertilizer. Continued rains have made it impossible to harvest the hay. Forty acres of luxuriant clover has been left to rot upon the ground. Such disasters as these to the intermediates would have raised a cry of calamity heard around the world. I do not think interested parties whether they be farmers or dealers should be asked more than to give evidence. At least the jury should not be packed. The case should be heard by the judges of the supreme court of the district. Farmers, brokers, wholesalers, retailers, and consumers should be examined under oath. A judicial mind should sift the evidence, and all parties should abide by the decision. I challenge the jury. I ask for a change of venue.

MINOR CAUSES OF HIGH PRICES.

There are several minor causes which tend to high prices, which need at least to be referred to in completing the discussion. Among these the most prominent is the itch to spend. This disease is naturally generated by an abundance of money. It is a common experience, as well as observation, that most people spend all they earn and a little more. If you double their income, you double the deficit at the end of the year. It would be interesting to know just what percentage of wage earners and small income receivers have bank accounts, life insurance, and investments. These with the farmers of the country form the great conservative bulwark against Bolshevism and anarchy. Much of the extravagance which threatens the nation is due to the example of the rich. People of moderate means are likely to indulge in expenditures in emulation of the rich of a magnitude to insure certain bankruptcy. Perhaps in no other respect is this tendency so manifest as in the case of automobiles. It is quite certain that a very large percentage of those who own and operate motor cars do not have sufficient income to warrant such expenditure.

The result is easily foretold. But this is not the only extravagance in which we indulge. I have already intimated that cereals are the cheapest form of food. You get more actual nourishment when you buy cereals than you do in any other form of nutriment. It is quite natural that in addition to the price which the farmer receives, from 3 to 4 cents a pound, the consumer should pay the cost of milling, which from time immemorial is one-eighth of the grain milled. In addition to this it is quite right that he should pay the cost of transportation and distribution. Milled cereals ready for baking should be obtained at from 5 to 6 cents a pound. If one prefers to buy bread already baked, he must pay a very considerable increase. One pound of cereal will make 1½ pounds of bread. A loaf that weighs 21 ounces can hardly be bought in the country at this time for less than 15 cents. This appears to be a very extravagant sum to add to the cost of the cereal. It may be said that home baking is more extravagant. That is doubtless true if the house-keeper hires a cook. When she does the cooking herself and pays herself no wages a great economy comes from home cooking. Cereal foods prepared, ready for consumption in the form commonly known as breakfast foods, are generally no more economical than bread and in some preparations are far more expensive. Experts in nutrition have shown that meat is not a strength giver and is a very expensive kind of food when made a large part of the diet. Health and economy would both be served by diminishing the amount of meat consumed. Tea and coffee should be used in extreme moderation for health reasons. There is only one beverage other than water that has a supreme necessity for use, and that is milk. The excessive use of sugar is a common fault of the American dietary. Candles and sweets of all descriptions are highly injurious to children.

In some forms candy costs nearly a dollar a pound. There has been a tremendous increase in the consumption of sweets in this country in the last few years. Tobacco in all forms costs a lot of money and, in my opinion, does nobody any good. It is planted in the richest soil and has the most careful cultivation of any crop. The money spent for it could be devoted to much better purposes. Secret remedies or so-called patent medicines are advertised

extensively in nearly all the newspapers of the land and in many of the magazines. The advertisements cunningly lead the reader to believe that he is ill and then a sovereign remedy is offered. Self medication with secret nostrum is a direct threat to the health, to the longevity, and to the efficiency of our people. From the extent and variety of the advertisements it appears that the evil is continually growing. Soft drinks are running up a big annual bill against our people. They are nearly all solutions of sugar with some acid aromatic, or bitter substance added. Some of them contain harmful drugs such as caffeine. They increase to a large extent the quantity of sugar consumed, already too large. None of them satisfies thirst. None of them is cooling. And some of them positively threaten health. I will not enter into the matter of extravagance in clothing. Fashions must be followed, and expenditures along this line are mounting higher and higher.

In two respects we may note an improvement. Less money is now expended on race horses, and perhaps in the near future less will be expended on fermented and distilled beverages. It is reasonable to expect a great saving in this line.

In none of the above matters would I advocate any sumptuary laws. These are matters of education and experience. My observation leads me to believe that in the case of the use of tobacco there is a very decided increase in the percentage of nonusers of tobacco in our schools of higher learning. Economies in all these lines should result solely from persuasion and education. We should never expect all people to come into an ideal manner of living, but we can certainly expect them to do better than they are doing now. Movies have set people crazy. I myself confess to being a fan when it comes to baseball. We are contributing, and I call that noble and patriotic, to all kinds of drive for many good purposes. These seem little economies, but in the aggregate they play no inconsiderable part in high prices.

The cattle from the blue-grass pastures of the Blue Ridge, amply sufficient for Washington meat supply, are sold to brokers and shipped to distant abattoirs. I have repeatedly asked the broker who bought my fat cattle where he shipped them. Never did he tell me Washington. The great packers in the West keep stores here for our local supply. The packing industry should be decentralized. The legislation we need is not a price fixing on beef but a restriction in sending fat cattle to a distant abattoir and paying freight and profits on the returned meat. On the other hand, that kind of cattle included in "canners and cutters" and including tubercular cattle is sold to the local market. I have disposed of some 20 tubercular cows that passed the inspection of the Bureau of Animal Industry to the local butchers in Alexandria and Rosslyn.

Lying or misleading advertising contributes something to the sum total of living expenses. The consumer can afford to pay for truthful advertising that puts him in touch with what he really needs. Advertising that creates a longing for things not needed is harmful. Advertising that lies about articles is vicious. Newspapers and magazines owe their readers a moral obligation to tell the truth. Prior to the 4th of July the newspapers were carrying a message from Jess Willard to the effect that Nuxated Iron gave him the punch which put Jack Johnson to sleep. Since that date Dempsey is the logical medium for delivering the message. Nuxated Iron may have enabled him to put Willard to sleep. In this case there wasn't much of a tug of war when Nuxated Iron met Nuxated Iron. One would think from the advertisements that all tobacco used in the United States grows in Egypt, Turkey, and Cuba. It takes a whole page of a newspaper for rival firms to tell why the general public is dealing exclusively with each in tires. The purchaser pays the piper no matter what devious path leads up to him. Before the pure-food law was passed nearly all the coffee in this country purposed to come from Java and Arabia.

The manufacturing industries should also be taken out of the cities and put in rural communities where cheap land and cheap power are accessible. The city should be a place of exchange and not of production. Even children should not be brought up in cities. It is a move in the wrong direction to attempt to convert the capital of the country into a manufacturing center.

The milling industry must be decentralized. The remarkable fact is in evidence that to-day whole wheat flour is practically unobtainable in most parts of the country. I have many letters every month imploring me to tell where such wholesome flour can be obtained. This flour is ground in the most simple mills with the least expense. When it can be had at all about 2 cents a pound is asked over the price of white flour. A movement to reestablish the

neighborhood mill should be undertaken and pushed by public opinion and educational work in behalf of a better diet. The packers are not the only industry that threatens the welfare of the Republic. The farmers of Loudoun County not infrequently sell all their surplus wheat and even corn, and then import white flour and degerminated and decorticated corn meal from distant milling centers. My wife has lately paid \$2 for 25 pounds of white flour for the use of visitors who do not like to eat wholesome brown bread. This price is approximately \$16 a barrel.

WHAT IS THE REMEDY?

In the foregoing brief review of the causes of high prices I have tried to indicate the very factors which go to make up the sum total and to some extent I have mentioned them in the order of their apparent magnitude as they appear to me. In the first place, in the effort to come back to prewar times we should realize that it is probably an impossible undertaking. In so far as gold is concerned, large parts of what have come to us as a result of war will naturally go back to the nations which sent it to us while we were at peace. It is not likely, however, that the stock of gold in our country will ever become as small as it was at the beginning of the war. The reserve banks have already begun the process of deflation. As they return to member banks the gold coin and bullion and the gold notes which have been confided to their care, the principal part of their 2,500,000,000 reserve bank notes will be withdrawn from circulation. Currency will become scarcer and therefore dearer and the prices of articles will fall. It seems to me that now is an opportune time also to gradually retire the fiat money (greenbacks) which we have as an inheritance from the Civil War. I believe that there are some 300,000,000 of these notes still in circulation. This sum withdrawn from circulation would probably complete all the deflation that is advisable after the greater part of the Federal reserve notes are withdrawn. It perhaps would be unwise to reduce the currency in circulation below \$35 per head.

The next most important movement toward reducing high prices is to "take hands off." Just as soon as possible all the rules and regulations interfering with the natural law of supply and demand should be repealed. The only actual minimum price fixed by act of Congress was the guarantee of the price of wheat to the farmer. This guaranty was so worded and so administered as to prevent the farmer from getting more than the guaranteed minimum, although the purpose was to protect him from getting less. In point of fact the farmer never got the guaranteed price. There was always some reason for his getting less. There was a distinct feeling, however, amounting almost to a certainty that the Food Administration would purchase all the wheat in the country, that is, commandeer it, if there was any indication of its going above the guaranteed price. I think the farmer would be the first one to urge the removal of this guaranty. It was sumptuary legislation, intended to be of a mild character but thoroughly permeated with the vice of all such enactments. The sooner all such restraints, price fixing, guaranteeing of profits, etc., are done away with the better. This does not imply that Congress shall not enact wise provisions for preventing oppression and securing justice. Such legislation has already been enacted in the Sherman law and by the establishment of the Interstate Commerce Commission. These are wise and salutary means to a proper end. Legislation to prevent the withdrawal of the necessities of life from the current of trade is legislation promoting the full operation of the law of supply and demand. It is perfectly proper to provide penalties for overtime storage, for the purpose of increasing the price by diminishing the supply. Any legislation of a sumptuary character will only add to the injustice and distress of the present conditions of affairs.

Were the millenium already here and all the visions of the dreamer could be realized the matter of price adjustment would be simple. There is then no purpose of self-aggrandizement, either in riches, influence, or honor. It is a pure democracy of pure democrats. To attempt to apply visions of a millennial character to the actual affairs of the world must of necessity end in dismal failure.

I have already called attention to failure of the minimum guarantee for wheat. As a further illustration let us assume that had there been no such guaranty farmers would now be receiving \$1.50 for wheat. In this case the United States must make up the difference; namely, 76 cents a bushel. This excess of price can only be raised by taxation. The farmer doubtless would

pay part of the tax and to that extent his actual remuneration for the wheat would be diminished. The bulk of the deficit must fall upon those who eat bread. It would not be paid according to wealth but by everybody who eats bread at the increased price, which must necessarily follow the Government's performance of its guaranty. Let us now assume that to protect the consumer of bread the Government fixes a price of bread corresponding to \$1.50 for wheat, the price the farmer gets in the open market. In order to secure this price the millers and bakers must be subsidized. This subsidy again comes from taxation. It is not necessary to follow this argument out to its final conclusion. Every industry is called upon to make good this deficit. In the end nobody is benefited. The Congress has undertaken an impossible task to control prices and at the same time to secure justice. On the other hand, if the law of supply and demand were of such a character that the farmer would get in the open market a higher price than \$2.26 and the commandeering power of the Government was exercised to prevent him from doing so, by taking over all the wheat on the market, grave injustice is done the fundamental producer of the country. All he buys in the market is paid for at prices commensurate with what he would receive for his wheat in the open market. The result is that the farmer could not continue the business of wheat growing. He could not strike because if he went to work and raised a crop of wheat, he could not under the present law withhold it from the market. The strong arm of the law would take it from him. He has left only one economic weapon, viz, to stop growing wheat and this he would undoubtedly use. This one illustration shows the utter futility of endeavoring to control any single product either by a minimum or a maximum price and leaving all other factors free to obey the natural law.

Again, if the minimum were already here, supreme wisdom would be invested in our lawmakers and they would be able to enact a schedule controlling everything that exists under heaven, apportioning the exact number of men for this industry and for that fixing the amount which each could produce, regulating the hours of labor and the wages therefor, outlining the exact methods of manufacture, transportation, and distribution, to the number of people engaged therein, their hours of labor, and their compensation. The supreme wisdom of the legislature could prescribe a diet card for every person of every age, fix the tax on, prescribe the cut of the garment, the kind of shoes and hats, and so on, the physicians for each locality, prescribe the occupations at which a people should work, and so on to the end. Inasmuch as a temporary but slowly reached perfection there would be no need for further improvement and industry. A condition of complete stasis would ensue and a majority of existence would follow which, unless human nature was entirely changed, would become intolerable.

SUMMARY.

As the subject set forth in the preceding pages appears to me, the high prices of the necessities of life and relative weightings of each cost are as follows:

1. Increase in the currency, 25 per cent.
2. The Federal Reserve Bank increase demand, 15 per cent.
3. The Federal Reserve Bank increase by Government authority, 15 per cent.
4. Increase in the cost of production, transportation, storage, patent medicines, etc., 5 per cent.

RECOMMENDATIONS.

The proper remedies for this combination of affairs appears to me to be indicated by the following steps:

First, The gradual withdrawal of the currency through the Federal Reserve Bank.

Second, Increasing production and decreasing the demand of foreign nations for our products and turning to the necessities of life.

Third, Adopting a temporary legislation including the fixing of maximum and minimum prices, setting indubitable what is practically unobtainable, the immutable law of supply and demand.

Fourth, Regulating legislation controlling the withdrawal of necessary supplies from the activities of trade, and particularly including the control of storage, both dry and cold, to its legitimate functions.

Fifth, Decentralizing in so far as possible the great milling and packing industries, diversifying agriculture, and endeavoring to supply as far as possible the demand of each locality from within its own boundaries.

Sixth. No class of people should receive any immunizing care. The farmer, the manufacturer, the artisan, the laborer, the carrier, and the distributor should all have the same privileges and be subject to the same restraints.

Seventh. Educational schools and colleges should engage in a propaganda for the simple life, including a more wholesome diet, simpler clothing, and freedom from the effects of habit-forming drugs and the pernicious influences of secret nostrums for the cure of human ills. In so far as possible these reforms should be educational and should not be statutory.

STATEMENT OF FRANK G. WILKINS.

(The witness was duly sworn by Senator Capper.)

Senator CAPPER. Give your full name and business.

Mr. WILKINS. Frank G. Wilkins; president of the Washington Market Co.

Senator CAPPER. You are president of the Washington Market Co.?

Mr. WILKINS. Yes, sir.

Mr. MILLER. What plants or companies does the Washington Market Co. operate in the District of Columbia?

Mr. WILKINS. They operate the Center Market plant on Pennsylvania Avenue, and the Terminal Cold-Storage and Ice plant at Eleventh and E Streets SW., in Washington.

Mr. MILLER. Those are the only two plants they operate?

Mr. WILKINS. Yes, sir.

Mr. MILLER. What is the capital stock of the Washington Market Co.?

Mr. WILKINS. You mean the——

Mr. MILLER. What is the capital stock of the company of which you are president?

Mr. WILKINS. The shares?

Mr. MILLER. No; the total capitalization of the Washington Market Co.?

Mr. WILKINS. I will give you that. I have prepared some papers, notes that I took from what you sent me yesterday, as near as I could.

The Center Market plant has cost from the beginning \$1,036,016.16, and, as is good practice, there has been depreciation over the years 1905 to 1913 of \$238,595.07, showing at present a book value of \$797,425.59.

The policy of the company has been to keep the building in first-class condition, and possibly there is not as much depreciation as is shown, but it is good practice to make depreciation take care of the wear and tear. They have never spared expense in keeping the buildings in first-class condition.

Mr. MILLER. Do you own all your own buildings?

Mr. WILKINS. Yes, sir.

Mr. MILLER. Do you own the land on which the buildings are erected?

Mr. WILKINS. No, sir; not at Center Market, but we do at the terminal plant.

Mr. MILLER. Who owns that?

Mr. WILKINS. The United States owns that.

Mr. MILLER. To get back to my original question, what is the capitalization of your corporation? Can you give it in round figures?

Mr. WILKINS. I do not quite understand what you mean. I understood you wanted the cost of it——

Senator SHEPPARD. Have you capital stock?

Mr. WILKINS. Yes, sir.

Senator SHEPPARD. What is that?

Mr. WILKINS. We have 20,000 shares, face value of \$50 a share.

Mr. MILLER. You are capitalized for a million dollars?

Mr. WILKINS. Yes, sir.

Mr. MILLER. Does it represent cash actually paid in?

Mr. WILKINS. The paid-in value of the stock is \$20 a share instead of \$50.

Mr. MILLER. When were you incorporated, first?

Mr. WILKINS. 1870, under a charter from Congress. I have a copy of the charter here.

Mr. MILLER. How much were you incorporated for then?

Mr. WILKINS. As I stated, for \$1,000,000.

Mr. MILLER. You have not increased your capitalization?

Mr. WILKINS. No, sir.

Senator CAPPER. How many stockholders have you?

Senator SHEPPARD. Just a minute. Only two-fifths of the capital has been paid in to date. Is not that right?

Mr. WILKINS. Exactly.

Senator SHEPPARD. And you have not called for it yet?

Mr. WILKINS. No, sir. The terminal plant cost us \$765,973.69. That was built in 1910. We have depreciated each year from 1912 to 1918, inclusive, \$115,057.20, showing a book value of that plant of \$650,916.49. The total value of the two plants is \$1,448,338.08, and other assets, \$144,934.61, showing a total of \$1,593,272.69. The reproduction value at the present value of labor and materials will probably increase that amount 50 per cent.

Mr. MILLER. Right there, before you go further, I want to ask you some questions, because we may not need those figures and it may be brought out in the questioning, and be shorter to do that.

What business does the Washington Market Co. conduct?

Mr. WILKINS. They rent stands to dealers. They also have a cold-storage plant and care for goods for others, not for themselves. We also manufacture, at the Center Market plant, a small amount of ice, about 20 tons a day. At our terminal plant we manufacture from 125 to 150 tons of ice a day. We also have a cold-storage plant, a building 100 by 200 feet square and eight stories high.

Mr. MILLER. Then your Center Market cold-storage ice plant has a floor space of about 500,000 cubic feet?

Mr. WILKINS. I have not figured that; I do not know. The Center Market building covers a space 500 feet long and a little over 200 feet wide, from Seventh to Ninth Streets. We have a whole square, numbered 328, covered by buildings, down in South Washington, the terminal plant.

Mr. MILLER. I understand the storage space in your Center Market plant is about 500,000 cubic feet, and that of your terminal plant about a million cubic feet?

Mr. WILKINS. At the terminal plant we are cooling at the present time about 1,200,000, and we have 400,000 more that we have not completed yet, in insulation and piping.

Mr. MILLER. Are there any other plants in the city of Washington that conduct a general storage business, like your two concerns?

Mr. WILKINS. No, sir; I do not think so.

Mr. MILLER. You have no rivals? You are the only cold-storage company in Washington?

Mr. WILKINS. Yes, sir; that does a public business. The Arcade Market does a small private business.

Mr. MILLER. You do a purely warehouse business and do not own any of the food that is stored there?

Mr. WILKINS. We do not own any of the food that is stored there or sell it for others, even.

Mr. MILLER. Describe to the committee briefly the system of warehouse receipts.

Mr. WILKINS. We give at our receiving rooms, at both storages—we issue a nonnegotiable receipt. For deliveries of goods under those receipts, they are supposed to return the receipts, if they want partial delivery, and have it marked on the back. If they want full delivery they surrender the receipt. Sometimes the goods will be delivered upon a written order. We also issue negotiable receipts, and a party, to get a negotiable receipt, takes the original receipt with the goods from the warehouse and brings it to the office and there we issue a negotiable receipt and take up the original receipt, and that receipt is negotiable, the same as a check or any other paper might be. After it goes out of our hands we do not know who the owners of the goods may be until it is returned for goods. The storage charges in that case would follow the receipt. We would collect it from the man who takes it out of storage.

Mr. MILLER. Is your capacity utilized to the limit at all times?

Mr. WILKINS. Well, at times we have a small amount of space at the terminal plant, but at other times we are limited. We have no space now. That is why we are proceeding to increase the capacity down there. We are finishing up the part we had not finished.

Mr. MILLER. Have you some statements there to show the committee the monthly receipts as to the quantities of the different kinds of food for last year or years previous to last year?

Mr. WILKINS. Receipts, you say, or foods?

Mr. MILLER. Foods.

Mr. WILKINS. I have two statements here.

Mr. MILLER. Before you begin reading it, just let me see it, please.

Mr. WILKINS. I do not know that I need to read it. It is pretty lengthy.

Mr. MILLER. I want to look at it, please.

Mr. WILKINS. It is everything we have in cold storage, in dairy products, on the 15th day of August.

Mr. MILLER (after examining statement referred to). Will you please insert in the record at this point this statement, and describe what it is, briefly?

Mr. WILKINS. It is a statement of the amount of goods we have, of three classes, in storage on the 1st day of August of each year from 1915 to 1919. It is from April to December, and I cover eggs in cases, butter in pounds, and cheese in pounds. I only have three years noted there on cheese. We did not handle cheese until three years ago. There was not enough in this town to warrant doing the business.

(The statement referred to, "Exhibit A." is as follows:)

EXHIBIT A.

	1915	1916	1917	1918	1919
Eggs, cases:					
April.....	891	15	21	63	488
May.....	7,460	723	9,100	1,473	4,961
June.....	28,560	5,985	13,157	10,903	18,717
July.....	31,985	12,715	14,058	14,459	30,415
August.....	37,819	16,362	17,546	23,078	38,933
September.....	3,283	12,954	20,094	17,798	.....
October.....	25,860	10,700	15,946	16,364	.....
November.....	18,666	9,624	15,157	8,922	.....
December.....	13,655	5,369	9,688	5,788	.....
Butter (pounds):					
April.....	18,000	6,000	33,000	17,551	11,700
May.....	6,000	1,080	22,000	87,457	3,653
June.....	60,000	6,600	54,300	125,632	53,395
July.....	192,000	144,000	271,057	198,937	301,045
August.....	246,000	363,060	372,341	307,449	452,602
September.....	359,700	378,600	382,888	293,597	.....
October.....	367,440	250,320	364,261	293,778	.....
November.....	355,880	214,200	396,194	324,286	.....
December.....	266,220	190,020	318,204	277,825	.....
Cheese (pounds):					
April.....	.....	.....	47,161	43,063	8,633
May.....	.....	.....	32,861	34,766	6,775
June.....	.....	.....	210,100	30,210	4,481
July.....	.....	.....	14,136	16,337	108,387
August.....	.....	.....	38,179	22,369	234,398
September.....	.....	.....	36,187	218,457	.....
October.....	.....	.....	186,783	152,576	.....
November.....	.....	.....	126,417	74,800	.....
December.....	.....	.....	9,107	14,551	.....

Mr. MILLER. Have you any data there that will show the committee who are the owners of these products that were stored?

Mr. WILKINS. I have these lists here on butter and cheese that would show the owners of each of them, except on negotiable receipts. When there is a negotiable receipt, it is marked there.

Mr. MILLER. Does the committee care to have this inserted? It is rather voluminous, but it shows all of the products they had stored in their plants on August 15, 1919, and the owners thereof.

Senator SHEPPARD. I think it should be inserted.

(The statement referred to, marked "Exhibit B," is as follows:)

WILKINS EXHIBIT B.

THE WASHINGTON MARKET CO., WASHINGTON, D. C.

List of butter, cheese, and condensed milk in Center Market cold-storage plant as at the close of Aug. 15, 1919.

Date.	Ticket.	Name.	Butter.	American cheese.	Swiss cheese.	Cottage cheese.	Condensed milk.
1919.		H. C. Althoff:	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	
May 26	38443	1 box.....	76	.....	.....	.....	.....
29	38580	3 tubs.....	219	.....	.....	.....	.....
June 6	38953	2 barrels.....	452	.....	.....	.....	.....
20	40640	3 tubs.....	180	.....	.....	.....	.....
July 2	39909	4 tubs.....	274	.....	.....	.....	.....
16	40488	3 tubs.....	208	.....	.....	.....	.....
Aug. 6	41573	3 tubs.....	210	.....	.....	.....	.....
		2 tubs.....	120	.....	.....	.....	.....
		Total.....	1,739	.....	.....	.....	.....

List of butter, cheese, and condensed milk in Center Market cold-storage plant as at the close of Aug. 15, 1919—Continued.

Date.	Ticket.	Name.	Butter.	American cheese.	Swiss cheese.	Cottage cheese.	Condensed milk.
			Pounds.	Pounds.	Pounds.	Pounds.	
Aug. 6	38992	Armour & Co.: 209 tubs of dairy butter.....	13,008				
7	38990	279 tubs of dairy butter.....	17,378				
12	39260	294 tubs of butter.....	18,495				
16	39415	365 tubs of butter.....	22,996				
17	39459	400 tubs of creamery butter.....	25,280				
2	39918	27 tubs of butter.....	1,701				
5	40025	135 tubs of butter.....	8,534				
		Total.....	107,392				
25	41178	150 boxes L. H. cheese.....		7,593			
	41179	800 boxes of dairy cheese.....		17,371			
		Total.....		24,964			
22	41730	A. & P. Tea Co.: 143 tubs of butter.....	8,968				
14	40409	Browning & Middleton (Inc.): 3 boxes of cheese (flats).....		149			
25	39618	T. A. Cannon Co.: 13 tubs of butter.....	824				
1	41335	Cudahy Packing Co. (Chicago): 125 boxes of L. H. cheese.....		6,284			
9	41681	H. C. Colburn: 25 boxes of butter.....	1,500				
14	41843	40 boxes of butter.....	3,200				
			4,700				
19	40642	Corby Bros.: 299 tubs of butter.....	18,924				
		Additional for Golden & Co. (see below).....	14,911				
			33,835				
11	40265	Elgin Creamery Co.: 15 boxes of butter.....	1,200				
29	41244	40 boxes of process butter.....	3,200				
			4,400				
7	41601	2 boxes of Swiss cheese.....			350		
3	5447	Golden & Co.: 50 tubs of butter.....	3,157				
2	5448	50 tubs of butter.....	3,157				
2	5451	25 tubs of butter.....	1,575				
2	5452	25 tubs of butter.....	1,575				
	5453	25 tubs of butter.....	1,575				
	5455	25 tubs of butter.....	1,575				
	5456	17 tubs of butter.....	1,071				
	5454	25 tubs of butter.....	1,575				
	5457	25 tubs of butter.....	1,575				
	5458	29 tubs of butter.....	1,827				
	5459	24 tubs of butter.....	1,506				
	5460	25 tubs of butter.....	1,569				
	5461	25 tubs of butter.....	1,569				
	5462	25 tubs of butter.....	1,569				
	5463	38 tubs of butter.....	2,384				
	5466	25 tubs of butter.....	1,597				
	5467	25 tubs of butter.....	1,597				
	5468	25 tubs of butter.....	1,597				
	5469	25 tubs of butter.....	1,597				
	5470	25 tubs of butter.....	1,597				
	5471	22 tubs of butter.....	1,402				
	5464	27 tubs of butter.....	1,611				
	5465	27 tubs of butter.....	1,672				
	5476	25 tubs of butter.....	1,584				
	5477	25 tubs of butter.....	1,584				
	5478	25 tubs of butter.....	1,584				
	5479	25 tubs of butter.....	1,584				
	5480	25 tubs of butter.....	1,585				
	5481	25 tubs of butter.....	1,585				
	5482	21 tubs of butter.....	1,331				
	5483	25 tubs of butter.....	1,590				
	5484	25 tubs of butter.....	1,590				

¹ Negotiable.

² Transferred to Corby Baking Co.

*List of butter, cheese, and condensed milk in Center Market cold-storage plant
as at the close of Aug. 15, 1919—Continued.*

Date.	Ticket.	Name.	Butter.	American cheese.	Swiss cheese.	Cottage cheese.	Con- densed milk.
1919.		Golden & Co.--Continued	Pounds.	Pounds.	Pounds.	Pounds.	
June 10	5485	24 tubs of butter.	1,525				
	5486	28 tubs of butter.	1,754				
	5487	28 tubs of butter.	1,754				
12	39241	110 tubs of butter.	7,000				
17	5510	27 tubs of butter.	1,703				
	5511	27 tubs of butter.	1,703				
	5512	28 tubs of butter.	1,765				
25	5519	25 tubs of butter.	1,579				
	5520	25 tubs of butter.	1,579				
	5521	25 tubs of butter.	1,579				
	5522	25 tubs of butter.	1,579				
	5523	33 tubs of butter.	2,084				
	5524	34 tubs of butter.	2,146				
26	5527	50 boxes of cheese.		2,629			
	5529	25 boxes of cheese.		1,317			
	5534	50 boxes of cheese.		2,629			
	5530	25 boxes of cheese.		1,566			
	5531	25 boxes of cheese.		1,436			
	5532	25 boxes of cheese.		566			
	5533	25 boxes of cheese.		567			
				10,710			
28	5539	25 tubs of butter.	1,596				
	5540	25 tubs of butter.	1,596				
	5541	30 tubs of butter.	1,914				
July 1	5542	25 tubs of butter.	1,596				
	5550	31 tubs of butter.	1,926				
	5551	31 tubs of butter.	1,926				
3	5553	25 tubs of butter.	1,599				
	5554	25 tubs of butter.	1,599				
	5555	25 tubs of butter.	1,726				
	5556	27 tubs of butter.	1,777				
7	5558	20 tubs of butter.	1,278				
	5569	20 tubs of butter.	1,565				
9	5570	25 tubs of butter.	1,565				
	5571	25 tubs of butter.	1,251				
	5572	20 tubs of butter.	1,251				
14	5574	25 tubs butter.	1,563				
	5575	Do.	1,563				
	5576	24 tubs butter.	1,501				
May 22	5440	20 boxes Proc. butter.	1,400				
			111,796				
		Less transferred to Corby.	14,911				
		Total.	96,885				
		S. A. Gatti:					
June 5	38915	4 boxes R. cheese.		240			
23	39532	11 box cheese (flats).		732			
25	39625	10 boxes cheese (flats).		722			
	29628	4 cakes Swiss cheese.			309		
July 18	40787	9 cakes Swiss cheese.			1,225		
Aug. 4	41174	4 cakes Swiss cheese.			576		
	41493	35 boxes cheese.		3,200			
	41501	1 tub Swiss cheese.			687		
		Total.		3,894	2,777		
		Carry Ice Cream Co.:					
May 29	5429	50 boxes butter.	3,100				
	5430	Do.	3,100				
	5431	Do.	3,100				
	5432	Do.	3,100				
	5433	32 boxes butter.	1,984				
		Total.	14,384				
		P. V. Hough:					
July 17	40729	4 tubs butter.	226				
18	40781	1 tub butter.	60				
24	41001	2 boxes cheese.		88			
28	41203	1 box cheese.		15			

¹ Ticket.

² Negotiable.

List of butter, cheese, and condensed milk in Center Market cold-storage plant as at the close of Aug. 15, 1919—Continued.

Date.	Ticket.	Name.	Butter.	American cheese.	Swiss cheese.	Cottage cheese.	Con- den ed milk.
Aug. 5	41517	V. P. Hough—Continued	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	
	41520	1 tub butter.....	60				
	41520	Do.....	50				
6	41529	25 boxes cheese.....		1,473			
11	41728	1 box butter.....	50				
11	41735	Do.....	60				
12	41752	1 tub butter.....	80				
13	41797	1 box butter.....	50				
13	41818	1 tub butter.....	50				
14	41821	1 box butter.....	110				
15	41852	1 tub butter.....	60				
15	41855	1 carton butter.....	50				
		Total.....	685	1,576			
Aug. 24	30544	Junior Lunch Club (Bureau of Standards): 52 boxes of butter.....	2,600				
Aug. 15	41854	A. B. Lawson: 3 tubs of butter..... 1 bucket butter.....	180 20				
		Total.....	200				
15	41877	A. H. Lawson: 3 tubs of butter.....	180				
Aug. 9	15473	N. B. Poland, 120 South Eden Street, Baltimore, Md.: 24 tubs of butter.....	1,505				
	5474	25 tubs of butter.....	1,568				
11	5489	24 tubs of butter.....	1,502				
	5490	25 tubs of butter.....	1,565				
15	5506	25 tubs of butter.....	1,551				
	5507	25 tubs of butter.....	1,551				
24	5508	31 tubs of butter.....	1,925				
	5525	25 tubs of butter.....	1,555				
26	5526	20 tubs of butter.....	1,243				
	5535	27 tubs of butter.....	1,695				
	5536	27 tubs of butter.....	1,695				
27	5537	28 tubs of butter.....	1,758				
	5557	25 tubs of butter.....	1,566				
	5558	25 tubs of butter.....	1,566				
	5559	34 tubs of butter.....	2,130				
		Total.....	24,375				
Aug. 23	38320	Mrs. D. H. Mullinix: 3 boxes of butter.....	183				
23	38506	2 boxes of butter.....	124				
24	39341	1 box of butter.....	63				
25	38118	2 boxes of butter.....	126				
25	39747	1 box of butter.....	60				
27	40022	1 tub of butter.....	60				
27	40660	1 box of butter.....	72				
27	40298	2 boxes of butter.....	120				
		Total.....	811				
Aug. 23	34271	A. A. Weschler: 5 boxes of cheese.....		350			
Aug. 27	30477	1 tub of Swiss cheese.....			240		
28	40628	3 boxes of cheese.....			214		
		Total.....			454		
Aug. 22	38127	R. B. Miller: 1 box of butter.....	70				
Aug. 23	29075	Thompson Dairy: 4 tubs of butter.....	240				
23	21265	15 tubs of butter.....	900				
23	21931	2 tubs of butter.....	120				
23	22612	4 tubs of butter.....	240				
23	22648	5 tubs of butter.....	300				

¹ Negotiable.

List of butter, cheese, and condensed milk in Center Market cold-storage plan as at the close of Aug. 15, 1919—Continued.

Date.	Ticket.	Name.	Butter.	American cheese.	Swiss cheese.	Cottage cheese.	Condensed milk.
1919.		Thompson Dairy—Continued	Pounds.	Pounds.	Pounds.	Pounds.	
Jan. 22	36015	2 tubs of butter.....	120				
Feb. 12	36714	1 tub of butter.....	60				
15	36367	1 tub of butter.....	60				
Mar. 1	36557	1 tub of butter.....	60				
8	36663	3 tubs of butter.....	180				
Apr. 26	37584	1 tub of butter.....	60				
May 2	37736	6 tubs of butter.....	360				
July 23	40985	15 tubs of butter.....	915				
	40986	10 tubs of butter.....	620				
May 7	37854	M. Lapkoff:					
13	38019	2 tubs of butter.....	120				
28	38521	2 tubs of butter.....	120				
31	38644	1 tub of butter.....	60				
June 2	38752	1 tub of butter.....	60				
7	39006	1 tub of butter.....	60				
14	39537	2 tubs of butter.....	120				
18	40523	8 tubs of butter.....	480				
28	39762	2 tubs of butter.....	120				
July 1	39870	1 tub of butter.....	60				
5	40026	1 tub of butter.....	65				
11	40239	3 tubs of butter.....	180				
14	40371	2 tubs of butter.....	120				
17	40712	1 tub of butter.....	60				
21	40876	3 tubs of butter.....	180				
30	11281	1 tub of butter.....	60				
Aug. 6	41565	1 box of butter.....	63				
		Total.....	1,769				
May 24	38337	R. B. Miles:					
30	38629	1 box butter.....	82				
		Do.....	75				
		Total.....	157				
June 10	39171	H. Beck:					
		12 tubs of butter.....	743				
12	39257	L. Thennison:					
		39 tubs of butter.....	2,475				
25	39614	E. Gundershimer:					
July 1	39880	6 tubs of butter.....	395				
		8 tubs of butter.....	806				
7	40090	8 boxes of butter.....	764				
		12 tubs of butter.....	497				
11	40258	1 basket of butter.....	767				
21	40883	6 tubs and 3 cans of butter.....					
		10 tubs, 4 buckets of butter.....					
		Total.....	3,229				
Apr. 30	37702	W. A. Simpson:					
		296 cans of condensed milk (6s.).....					1,7
May 10	37949	49 cans of condensed milk (6s.).....					2
14	38057	490 cans of condensed milk (6s.).....					2,9
26	38444	494 cans of condensed milk (6s.).....					2,9
June 3	38789	575 cans of condensed milk (6s.).....					3,4
13	39318	617 cans of condensed milk (6s.).....					3,7
17	39475	202 cans of condensed milk (6s.).....					1,2
23	39528	80 cans of condensed milk (6s.).....					4
		Total.....					16,8
12	3500	M. Silver:					
		30 tubs of butter.....	1,916				
12	5497	B. Wolf:					
		10 tubs of butter.....	639				
13	5502	Harry Lithoff:					
		5 tubs of butter.....	310				

¹ Negotiable.

Cost of butter, cheese, and condensed milk in Center Market cold-storage plant as at the close of Aug. 15, 1919—Continued.

Ticket.	Name.	Butter.	American cheese.	Swiss cheese.	Cottage cheese.	Condensed milk.
		Pounds.	Pounds.	Pounds.	Pounds.	
38.	J. Gossen:					
13	5505 6 tubs of butter.....	373				
13	5301 K. Ackerman:					
13	5303 17 tubs of butter.....	1,062				
13	5303 Kaminsky & Son:					
13	5304 12 tubs of butter.....	765				
13	5304 L. Zabrick:					
13	5304 5 tubs of butter.....	308				
13	39413 Herbert (Inc.):					
13	39413 18 barrels of butter.....	5,157				
17	39484 J. J. Kolb:					
17	39484 20 tubs of butter.....	1,269				
17	5513 M. Levitow:					
17	5513 8 tubs of butter.....	503				
17	39487 J. Korenhouse:					
17	39487 10 tubs of butter.....	639				
17	5514 H. Wolf:					
17	5514 5 tubs of butter.....	320				
20	5515 J. Graves:					
20	5515 17 tubs of butter.....	1,072				
20	5516 W. R. Walton:					
20	5516 10 tubs of butter.....	628				
25	L. Merriam:					
25	39662 1 barrel butter.....	245				
25	39662 1 bucket of butter.....	38				
25	39663 1 tub of butter.....	401				
25	39663 1 barrel of butter.....	224				
25	39664 1 box of butter.....	82				
25	39664 4 tubs of butter.....	218				
25	39664 4 barrels of butter.....	1,068				
25	39666 1 barrel of butter.....	297				
25	39666 2 tubs of butter.....	136				
25	39667 1 bucket of butter.....	240				
25	39668 2 boxes of butter.....	495				
25	39668 1 tub of butter.....	55				
25	39669 1 barrel of butter.....	411				
25	39670 2 tubs of butter.....	164				
25	39670 1 bucket of butter.....	64				
25	39675 6 tubs of butter.....	63				
25	39675 3 tubs of butter.....	120				
25	39675 3 boxes of butter.....	120				
25	39675 8 tubs of butter.....	145				
25	39675 6 tubs of butter.....	60				
25	40312 2 tubs of butter.....	360				
25	40312 1 bucket of butter.....	115				
25	40741 2 tubs, 1 bucket of butter.....	164				
25	41002 1 tub of butter.....	64				
25	41101 1 tub of butter.....	63				
25	41259 2 tubs of butter.....	120				
25	41259 2 tubs of butter.....	120				
25	41582 2 tubs of butter.....	145				
25	41632 1 bucket of butter.....	60				
25	41850 1 tub of butter.....	60				
25	41123 1 tub of butter.....	60				
		6,691				
25	White House Lunch:					
25	39757 50 boxes of butter.....	1,500				
25	39769 48 boxes of butter.....	1,440				
25	40188 50 boxes of butter.....	1,500				
25	40753 52 boxes of butter.....	1,560				
		6,000				
25	M. G. Ellis:					
25	5543 25 boxes of butter.....	1,500				
25	40041 B. M. Thompson:					
25	40041 1 box of butter.....	54				
25	40088 F. R. Lamb:					
25	40088 13 boxes of cheese.....	852				

¹ Negotiable.

List of butter, cheese, and condensed milk in Center Market cold-storage plant as at the close of Aug. 15, 1919—Continued.

Date.	Ticket.	Name.	Butter.	American cheese.	Swiss cheese.	Cottage cheese.	Condensed milk.
1919.							
July 10	40201	S. W. Henry: 15 cartons of butter.....	Pounds. 450	Pounds.	Pounds.	Pounds.	
10	40222	C. R. Green: 7 tubs of butter.....	420				
11	40229	W. A. Greer: 10 tubs of butter.....	639				
11	40260	G. G. Cornwell & Son: 75 tubs of butter.....	1,771				
12	1 5582	Standard Stores: 30 boxes of butter.....	1,500				
	5583	50 boxes of butter.....	2,500				
			4,000				
14	40105	S. Parker Jones: 4 cartons of butter.....	120				
19	40608	F. S. Bright: 9 boxes of butter.....	450				
19	1 5534	L. Jeweller: 10 tubs of butter.....	645				
19	5585	Star Lunch: 40 tubs of butter.....	2,571				
22	40928	S. E. Martin: 2 boxes of cheese.....		130			
10	39158	3 boxes of cheese.....		194			
				324			
24	41026	P. Raum: 25 boxes of butter.....	750				
24	1 5592	E. M. Waterbury: 30 tubs of butter.....	1,951				
31	41326	R. T. Bricker: 2 boxes of cheese.....		328			
Aug. 7	41594	Do.....		319			
				647			
July 31	41337	Wm. Bitter's Sons: 1 box of cheese.....		48			
Aug. 2	41417	Farrans' Transfer: 1 tub of cheese.....		42			
5	1 5597	H. Fleishman: 10 boxes of butter.....	300				
8	41649	E. A. Carpenter: 11 boxes of butter.....	550				
15	41859	4 tubs of butter.....	240				
	41865	4 boxes of butter.....	200				
		2 tubs of butter.....	124				
			1,114				
July 24	41041	J. G. Meinberg: 20 tubs of butter.....	1,506				
Aug. 13	41813	28 tubs of butter.....	1,734				
			3,240				
July 17	40817	H. T. McDaniel: 1 tub of butter.....	60				
Aug. 13	41808	3 tubs of butter.....	180				
14	41831	6 tubs of butter.....	360				
15	41874	1 box of butter.....	100				
			700				
12	41787	E. Syphax: 1 box of butter.....	68				
14	41829	H. H. Grosvenor: 1 crock of butter.....	30				

¹ Negotiable.

List of butter, cheese, and condensed milk in Center Market cold-storage plant as at the close of Aug. 15, 1919—Continued.

Date.	Ticket.	Name.	Butter.	American cheese.	Swiss cheese.	Cottage cheese.	Condensed milk.
			Pounds.	Pounds.	Pounds.	Pounds.	
1919.		W. R. Sacks:					
July 13	40972	2 tubs of cottage cheese.....				120	
29	41239	2 cakes of Swiss cheese.....			300		
30	41310	2 tubs of cottage cheese.....				120	
31	41327	3 cakes of Swiss cheese.....			380		
Aug. 2	41423	20 boxes of cheese.....		732			
		5 boxes of cheese.....		304			
4	41593	3 tubs of cottage cheese.....				180	
6	41576	3 tubs of cottage cheese.....				180	
11	41741	2 tubs of cottage cheese.....				120	
13	41804	3 tubs of cottage cheese.....				180	
14	41822	4 boxes of butter.....	245				
	41827	1 box of butter.....	60				
	41834	1 box of cottage cheese.....				60	
			300	1,036	680	960	
		Swift & Co.:					
6	41575	20 tubs of butter.....	1,200				
Mar. 6	38613	H. Sherby: 54 tubs of cottage cheese.....				3,402	
		C. M. Shank:					
June 2	38710	2 tierces of butter.....	753				
	38711	11 barrels of butter.....	3,266				
		28 tubs of butter.....	1,610				
13	40122	10 tierces of butter.....	3,672				
July 2	39931	11 tierces of butter.....	4,796				
5	40106	13 tierces of butter.....	4,987				
		1 box of butter.....	43				
	40105	116 tubs of butter.....	6,772				
		13 barrels of butter.....	3,395				
	40107	12 buckets of butter.....	76				
		2 cans of butter.....	38				
28	41215	12 barrels of butter.....	3,194				
	41216	35 tubs of butter.....	2,011				
		11 buckets of butter.....	328				
		17 cans of butter.....	675				
29	41236	14 tubs of butter.....	898				
		4 barrels of butter.....	1,053				
			37,914				
May 24	38372	Geo. M. Oyster, Jr.: 41 tubs of cottage cheese.....				2,583	
June 11	40285	50 tubs of butter.....	3,182				
July 25	41057	J. P. Roth: 4 boxes of cheese.....		261			
19	40806	O. W. B. Reel (Treasury Department Club): 43 boxes of butter.....	2,150				
June 27	40677	James F. Oyster: 50 tubs of butter.....	3,184				
July 23	40974	90 tubs of butter.....	5,669				
24	41008	10 tubs of butter.....	640				
31	41332	50 tubs of butter.....	3,229				
			12,722				
Feb. 20	34425	Geo. M. Oyster, Jr.: 50 tubs of cottage cheese.....				3,000	
24	34479	98 tubs of cottage cheese.....				6,174	
25	34507	53 tubs of cottage cheese.....				3,339	
28	36331	57 tubs of cottage cheese.....				3,191	
Mar. 1	34560	30 tubs of cottage cheese.....				1,890	
3	34577	56 tubs of cottage cheese.....				3,528	
7	36648	44 tubs of cottage cheese.....				2,640	
10	34479	100 tubs of cottage cheese.....				6,300	
12	36710	69 tubs of cottage cheese.....				4,347	
15	34758	92 tubs of cottage cheese.....				5,796	
18	36798	67 tubs of cottage cheese.....				4,020	
25	36931	11 tubs of cottage cheese.....				693	
30	37022	31 tubs of cottage cheese.....				1,860	
Apr. 1	37055	52 tubs of cottage cheese.....				3,276	
3	37091	36 tubs of cottage cheese.....				2,368	
5	37125	29 tubs of cottage cheese.....				1,828	
26	37507	25 tubs of cottage cheese.....				1,500	
29	37651	32 tubs of cottage cheese.....				2,016	

List of butter, cheese, and condensed milk in Center Market cold-storage plant as at the close of Aug. 15, 1919—Continued.

Date.	Ticket.	Name.	Butter.	American cheese.	Swiss cheese.	Cottage cheese.	Condensed milk
1919.		Geo. M. Oyster, jr.—Continued.	Pounds.	Pounds.	Pounds.	Pounds.	
May 3	37768	53 tubs of cottage cheese				3,339	
17	38152	15 tubs of cottage cheese				945	
19	38191	37 tubs of cottage cheese				2,331	
						66,864	
		E. Shuffie:					
July 1	39885	5 boxes of cheese		295			
	39855	5 boxes of cheese		527			
31	41329	1 box of cheese		50			
Aug. 2	41482	1 box of cheese		25			
5	41549	4 cakes of Swiss cheese			642		
6	41588	2 boxes of cheese		123			
8	41668	1 box of Ricket cheese		56			
11	41743	1 box of brick cheese		60			
15	41851	2 tubs of cottage cheese				126	
	41880	11 tubs of cottage cheese				693	
				936		819	
July 31	41335	Wilson & Co.: 185 boxes of cheese		8,836			
June 24	1 5518	Washington Dairy Co.: 100 boxes of cheese		3,393			
July 3	5552	50 boxes of cheese		3,150			
4	5560	50 boxes of cheese		1,888			
Aug. 4	5595	10 tubs of butter	637				
5	5596	25 boxes of cheese		941			
7	41595	1 box of Swiss cheese			173		
				9,372			
June 24	39560	Wilson & Rogers: 180 cartons of butter	1,800				
	39559	75 cartons of butter	2,250				
July 1	39896	290 cartons of butter	8,700				
	39898	580 cartons of butter	3,800				
8	30146	150 cartons of butter	3,900				
	40147	150 cartons of butter	1,500				
Aug. 12	41786	115 cartons of butter	3,450				
13	41795	306 cartons of butter	3,050				
			28,450				

¹ Negotiable.

Mr. WILKINS. I have here a statement showing the eggs, cheese and strawberries in storage at the close of business August 15, 1919.

Mr. MILLER. Let that be marked "Exhibit C," and inserted at the point.

(The statement referred to, marked "Exhibit C," is as follows:

EXHIBIT C.

THE WASHINGTON MARKET CO. TERMINAL COLD STORAGE AND ICE PLANT—EGG CHEESE, AND STRAWBERRIES IN STORAGE AT THE CLOSE OF BUSINESS AUGUST 15, 1919.

Armour & Co., Wholesale Row, Center Market, 3,143 cases eggs, 146,000 pounds cheese.

Althoff, C. B., 620 O Street, 100 cases eggs.

Chapin & Sacks Manufacturing Co., First and M Streets, NE., 1,158 tiers condensed milk, 292 tiers canned cream.

Cudahy Packing Co., 203 Seventh Street, 786 cases eggs, 7,516 pounds cheese.

Cudahy Packing Co., Chicago, Ill., 1,226 cases eggs.

Cannon, T. A., Center Market, 350 cases eggs (negotiable), 599 cases eggs.

Carey Ice Cream Co., Fourteenth and D Streets, SE., 112 tierces peaches, 136 tierces strawberries, 24 tierces pineapple.

Columbia Institute for Deaf, Kendall Green, District of Columbia, 25 cases eggs.

Corby Baking Co., 2301 Georgia Avenue, 82 tierces canned milk.

Elgin Creamery Co., 220 Ninth Street, 100 cases eggs, 200 cases eggs (negotiable), 4,177 pounds cheese.

Edelln, E. L., 37 cases eggs.

Fisher, H. W. & Son, Wisconsin Avenue and N Streets, 1,349 pounds cheese, 43 cases eggs.

Fussell Young Ice Cream Co., Twelfth and V Streets, 90 tierces canned milk, 6 tierces peaches.

Furman, Isaac, 922 Louisiana Avenue, 784 cases eggs (negotiable).

Negotiable receipt issued to Golden & Co. and transferred Fussell Young Ice Cream Co., Twelfth and V Streets, 63 tierces strawberries. Chapin & Sacks Manufacturing Co., 226 tierces strawberries. Purify Ice Cream Co., Richmond, Va., 198 tierces strawberries.

Golden & Co., 920 Louisiana Avenue, 392 tierces strawberries (negotiable), 10,847 cases eggs (negotiable), 110,791 pounds cheese (negotiable), 41 tierces canned milk (nonnegotiable), 74 kegs strawberries (nonnegotiable), 53 cases eggs, (nonnegotiable), 32 cases keat eggs (nonnegotiable).

Holmes & Son, 107 F Street, 7 tierces blackberries, 46 tierces huckleberries, 51 cases condensed milk.

Holzbeierlein, M., 1840 Seventh Street, 42 tierces peaches, 70 cases eggs, 25 tierces condensed milk, 2 tierces strawberries, 65 cases oleo.

Johnson, Hellen, Garrett Park, Md., 400 cases eggs (negotiable), 54 cases eggs.

Havenner Baking Co., 476 C Street, 101 tierces condensed milk.

Keller, E. L., Convention Hall Market, 140 cases eggs (negotiable).

Kolb, John J., 1508 Fourteenth Street, 50 cases eggs.

Letts, John C., Grocery Co., 52 O Street, 5,069 pounds cheese.

Lawler, E. E., & Co., Alexandria, Va., 214 pounds cheese.

Meinberg, John G., 714 Eleventh Street SE., 207 cases eggs.

Mills, Harrington, Grafton Hotel, 100 cases eggs.

Morris & Co., Chicago, Ill., 840 cases eggs; 629 B Street, Washington, D. C., 511 cases eggs.

Morristown Produce Co., Morristown, Tenn., 600 cases eggs (negotiable).

Oyster, James F., Ninth and Pennsylvania Avenue, 360 cases eggs (negotiable).

Old Dutch Market, 622 Pennsylvania Avenue, 1,722 cases eggs.

Reeves, S. A., 1209 F Street, 100 cases eggs.

Rector, W. H., & Son, 206 South Charles Street, Baltimore, Md., 2,775 cases eggs (negotiable).

Sherby, Harry, 946 Louisiana Avenue, 759 cases eggs (negotiable), 70 cases eggs.

Simons, A. J., & Co., Center Market, 618 cases eggs (negotiable).

Territt, H. B., 950 Louisiana Avenue, 100 cases eggs.

Wilson & Co., Chicago, Ill., 799 cases eggs (negotiable); 201 Seventh Street, Washington, D. C., 35 cases eggs.

Whitehouse Lunch, 1024 Sixth Street, 842 cases eggs.

Western Reserve Condensed Milk Co., 1252 Broadway, Cleveland, 1,838 tierces canned milk.

McLaren, H. M., 41 cases eggs.

Gerstenberg, E., 10 cases eggs.

Burk, W. H., 1322 Fifth Street, 1 case eggs.

Heary, S. W., 1917 Pennsylvania Avenue, 5 cases eggs.

Greer, C. K., 11 cases eggs.

Goldstein, B., 210 E Street, 60 cases eggs.

Mangan, W. J., 2820 Twenty-seventh Street, 2 cases eggs.

Dewey Hotel, Washington, D. C., 25 cases eggs (negotiable).

Zack, A., & Sons, 801 Seventh Street, 26 cases eggs.

Silver, M., 100 cases eggs (negotiable).

Wolf, E., 1204 Seventh Street, 25 cases eggs (negotiable).

Walther, Mrs. P., & Son., 1403 Good Hope Road, 25 cases eggs.

Stolman, W. J., 50 cases eggs.

George Washington Hotel, 50 cases eggs.

Monterey Cafe, 503 Thirteenth Street, 150 cases eggs (negotiable).

- Litoff, Harry, 30 cases eggs (negotiable).
 Allen, Paul, 2 N Street NE., 100 cases eggs (negotiable).
 Star Lunch, 1319 G Street, 200 cases eggs (negotiable).
 Schnelder, Charles, Baking Co., 415 I Street, 100 cases eggs.
 Frazier, W. E., Eastern Market, 28 cases eggs.
 Bellevue Hotel, Washington, D. C., 75 cases eggs (negotiable).
 Clissell Bros., 50 cases eggs (negotiable).
 Thomison, L., 50 cases eggs.
 McMahon, G. I., 3042 Fourteenth Street, 50 cases eggs (negotiable).
 Garden Tea House, 926 McPherson Place, 50 cases eggs (negotiable).
 Zeabuk, L., 25 cases eggs (negotiable).
 Greer, L. R., 50 cases eggs.
 Wirth Bakery, 1116 H Street NE., 50 cases eggs.
 Shepherd Hotel, Tenth and E Streets, 50 cases eggs (negotiable).
 Brown, E. S., 3320 Georgia Avenue, 60 cases eggs.
 Wigman, William, 400 New York Avenue, 11 cases eggs.
 McGliven, F. B., 1727 North Capitol Street, 25 cases eggs.
 Gassin, I., 25 cases eggs (negotiable).
 Parker & Bro., M. E., 10 cases eggs (negotiable).
 McFarland, M. J., 25 cases eggs (negotiable).
 Fleishman, H. M., 25 cases eggs (negotiable).
 Schulz, H., 25 cases eggs.
 Merrick, Phil, 20 cases eggs.
 Monroe & Monroe, 20 cases eggs (negotiable).
 Bock, H., 50 cases eggs.
 Simpson, S. J., 30 cases eggs (negotiable).
 Sherford Hotel, 10 cases eggs (negotiable).
 Berman, M., 50 cases eggs (negotiable).
 Kelly, J. J., 25 cases eggs (negotiable).
 Ellis, M. G., 25 cases eggs (negotiable).
 Wells, J. W., 12 cases eggs (negotiable).
 Merks, A. H., 20 cases eggs (negotiable).
 Baker, R. R., 25 cases eggs (negotiable).
 Entwistle, C. W., 25 cases eggs (negotiable).
 Graves, J., 100 cases eggs (negotiable).
 Herbert (Inc.), Ninth Street between D and E Streets, 200 cases eggs (negotiable).
 Congress Hall Hotel, 100 cases eggs.
 Sacks, W. R., 100 cases eggs.
 Pinkley, C. B., 25 cases eggs (negotiable).
 Presto Lunch, 201 cases eggs (negotiable).
 Connecticut Lunch, 50 cases eggs (negotiable).
 Jesse Cook, 25 cases eggs.
 Loeffler, S. G., 600 cases eggs (negotiable).
 Bishop, S. E., Center Market, 450 cases eggs.
 Zenger, Harry, 90 cases eggs.
 Washington Dairy Co., Center Market, 306 cases eggs (negotiable).
 Goodacre, George, 300 cases eggs (negotiable).
 Borden, J. D., 25 cases eggs.
 Collins, M. G., 25 cases eggs.
 Becker, M., 200 cases eggs.
 Alexandria Market Co., Alexandria, Va., 30 cases eggs.
 Caffrey, H. N., 200 cases eggs (negotiable).
 Thomas, L. O., 15 cases eggs.
 Levey, S., 113 cases eggs (negotiable).
 United States Housing Corporation, Government hotels, 200 cases eggs (negotiable).
 Farmers' Merchant Produce Co., 140 cases eggs (negotiable).
 Burlington Hotel, 800 cases eggs (negotiable).
 Budd, M. E., 50 cases eggs.
 Plaza Lunch, 200 cases eggs (negotiable).
 Gundersheimer, E., Center Market, 250 cases eggs.
 Kidwell, F. F., 432 cases eggs.
 Lakewood Market C., 2,527 pounds cheese.
 Anrachand, Pearl, 1,610 pounds cheese.

Mr. WILKINS. Can those be returned to me later?

Mr. MILLER. They will be returned to you, Mr. Wilkins.

Have you any figures that show the cost of carrying on your business for the years 1914 to 1919, inclusive?

Mr. WILKINS. I have a statement showing the gross receipts, gross expenses, and net earnings for years 1916, 1917, and 1918.

Mr. MILLER. That will be marked "Exhibit D," and inserted in the record.

(The statement referred to, marked "Exhibit D," is as follows:)

WILKINS EXHIBIT D.

WASHINGTON MARKET CO. (INCLUDING CENTER MARKET PLANT AND TERMINAL COLD-STORAGE AND ICE PLANT).

	1918	1917	1916
Gross receipts.....	\$425,541.91	\$347,259.56	\$322,723.06
Expenses.....	372,176.72	296,530.66	275,569.32
Net earnings.....	53,365.19	48,728.90	47,153.74

NOTE.—Income and excess-profits tax on business of 1918, \$7,747.56.

Mr. MILLER. Explain briefly to the committee just how your net earnings are made up.

Mr. WILKINS. From rentals on stalls—stands—in the Center Market, for receipts on storage of goods at both plants, and for the sale of ice manufactured by ourselves.

Mr. MILLER. Your ice is a small part of your business, is it not?

Mr. WILKINS. The ice amounts to \$100,000 per annum; some years less and some years a little over.

Senator SHEPPARD. Do the packers here utilize your cold-storage facilities?

Mr. WILKINS. Yes, sir.

Senator SHEPPARD. To what extent?

Mr. WILKINS. They all have their branch houses here and they use it to quite a large extent. All of them have stuff in storage all the time.

Senator SHEPPARD. Does the space used by the packers amount to as much as 50 per cent of the total space available?

Mr. WILKINS. I should not think so.

Senator SHEPPARD. Forty per cent?

Mr. WILKINS. I should not think so.

Senator SHEPPARD. Then about 33½ per cent would be a reasonable figure?

Mr. WILKINS. I do not think it would be more than that, if that. It possibly might as to our freezing space, but not our other space.

Senator SHEPPARD. Freezing space?

Mr. WILKINS. We have freezing temperature and have refrigerating temperatures, both.

Senator SHEPPARD. Explain the difference, please.

Mr. WILKINS. Freezing temperature is a temperature below freezing. That is what we usually consider a freezing temperature. It is from zero up to about 15° or 18° above zero.

Senator SHEPPARD. That is used for freezing meats?

Mr. WILKINS. For freezing meats and poultry and broken eggs.

Senator SHEPPARD. The packers use a good portion of that?

Mr. WILKINS. We have some customers. They use a good portion of that; yes, sir.

Senator SHEPPARD. I am trying to get at an approximate estimate of the space used by the packers.

Mr. WILKINS. I could not say, to be definite, to swear to it, you know, but I should think they use, maybe, 25 per cent.

Senator SHEPPARD. Of the freezing space?

Mr. WILKINS. Yes; I am not speaking about the other.

Senator SHEPPARD. How much do they use of the other?

Mr. WILKINS. They do not use much.

Senator SHEPPARD. What is the other used for—what articles?

Mr. WILKINS. Eggs and tierced goods, apples, fruit of all kinds, vegetables; that is about all. Refrigerating temperature is above 3°.

Senator SHEPPARD. How long, as a rule, do the packers keep meats?

Mr. WILKINS. As a rule, they do not stay in over about two months. It is in and out constantly.

Senator CAPPER. So your net earnings last year increased above 1 per cent. How do you account for that increase last year?

Mr. WILKINS. Our ice sales were larger last year. We were filled up with apple storage in the winter, which increased our storage receipts, and our storage business is growing right along.

Senator CAPPER. Larger this year than last year?

Mr. WILKINS. It would be if we had capacity; that is, it would be, I imagine, on apples, but we have not as large capacity for apples this year as we had last year.

Senator CAPPER. The indications are that your business this year will be fully as good as last year?

Mr. WILKINS. I think it will be.

Senator SHEPPARD. Have you increased rentals and storage charges recently?

Mr. WILKINS. We have never increased our rentals. We have not for years in the Central Market. In fact, we gave a discount from the rental price as fixed by the District authorities and the Market Committee at the time we began business of about 20 per cent—a voluntary discount of 20 per cent on the amount of rent.

Senator SHEPPARD. Do the District authorities regulate your earnings?

Mr. WILKINS. If there is any change. If we increase it, they have the privilege of regulating it. We have the right to take the 20 per cent off, because that is a voluntary reduction on our part, done at a time when there were a good many stands in the market.

Senator SHEPPARD. What is the basis of your charge—per square foot?

Mr. WILKINS. Per square foot, entirely.

Senator SHEPPARD. What is it now?

Mr. WILKINS. It is different prices on different businesses.

Senator SHEPPARD. According to the location, too?

Mr. WILKINS. No, sir.

Senator SHEPPARD. All the same, whether it is an advantageous part of your building or not?

Mr. WILKINS. Exactly; there is no difference. Our meat stalls—originally they were fixed at \$3.50 a square foot. They were later reduced by the directors of the company to \$3 a square foot.

Senator SHEPPARD. Is that per week or per month?

Mr. WILKINS. That is per year. I will have to give you the others with a qualification that it might not be just right, if you want me to give the other rentals.

Senator SHEPPARD. The stalls are of different sizes?

Mr. WILKINS. The other rentals are lower than the beef stands. That is the highest priced rental.

Senator SHEPPARD. The stalls are of different sizes?

Mr. WILKINS. No, sir. The stalls are supposed to be 6 by 8 feet or 6 by 6. That is, a center stall in the B Street wing for vegetables would be 6 by 6 feet, and three stalls in a section, which makes the section 18 feet long. Most all dealers rent a section.

Senator SHEPPARD. How do you regulate your storage charges? Are they per square foot also?

Mr. WILKINS. I have a list of some published rates here.

Senator SHEPPARD. We would be very glad to have those.

Mr. WILKINS. I will be glad to leave them, if you like.

(List to which reference was made, marked "Exhibit E," follows:)

EXHIBIT E.

THE WASHINGTON MARKET CO.—COLD STORAGE RATES—CENTER MARKET PLANT.

FREEZER TEMPERATURES.

BUTTER.

Lots of less than 1,000 pounds, 35 cents per hundredweight first month; and 25 cents per hundredweight for each additional month thereafter.

Lots of 1,000 to 10,000 pounds, 30 cents per hundredweight first month; and 20 cents per hundredweight for each additional month thereafter.

Lots of 10,000 pounds or more, 25 cents per hundredweight first month; and 20 cents per hundredweight for each additional month thereafter.

OLEOMARGARINE.

Lots of less than 1,000 pounds, 35 cents per hundredweight first month; and 25 cents per hundredweight for each additional month thereafter.

Lots of 1,000 to 10,000 pounds, 30 cents per hundredweight first month; and 20 cents per hundredweight for each additional month thereafter.

Lots of 10,000 pounds or more, 25 cents per hundredweight first month; and 20 cents per hundredweight for each additional month thereafter.

No lot received at a less charge than 25 cents per month.

No single delivery at less than 25 cents.

This company is not responsible for shrinkage in weight while in storage.

POULTRY.

FRESH.

Lots of less than 1,000 pounds, 50 cents per hundredweight first month; and 25 cents per hundredweight for each additional month thereafter.

Lots of 1,000 to 10,000 pounds, 40 cents per hundredweight first month; and 20 cents per hundredweight for each additional month thereafter.

Lots of 10,000 pounds or more, 35 cents per hundredweight first month; and 20 cents per hundredweight for each additional month thereafter.

FROZEN.

Lots of less than 1,000 pounds, 40 cents per hundredweight first month; and 25 cents per hundredweight for each additional month thereafter.

Lots of 1,000 to 10,000 pounds, 30 cents per hundredweight first month; and 20 cents per hundredweight for each additional month thereafter.

Lots of 10,000 pounds or more, 25 cents per hundredweight first month; and 20 cents per hundredweight for each additional month thereafter.

No lot received at a less charge than 25 cents per month.

No single delivery at less than 25 cents.

This company is not responsible for shrinkage in weight while in storage.

FREEZER TEMPERATURES.

FRESH MEATS.

Lots under 250 pounds, 50 cents per hundredweight first month, and 30 cents per hundredweight each additional month or part thereof.

Lots from 250 to 1,000 pounds, 50 cents per hundredweight first month, and 30 cents per hundredweight each additional month or part thereof.

Lots from 1,000 to 10,000 pounds, 40 cents per hundredweight first month, and 20 cents per hundredweight each additional month or part thereof.

Lots of 10,000 pounds, 35 cents per hundredweight first month, and 20 cents per hundredweight each additional month or part thereof.

FROZEN MEATS.

Lots under 250 pounds, 50 cents per hundredweight first month, and 30 cents per hundredweight each additional month or part thereof.

Lots from 250 to 1,000 pounds, 40 cents per hundredweight first month, and 20 cents per hundredweight each additional month or part thereof.

Lots from 1,000 to 10,000 pounds, 35 cents per hundredweight first month, and 20 cents per hundredweight each additional month or part thereof.

Lots over 10,000 pounds, 25 cents per hundredweight first month, and 20 cents per hundredweight each additional month or part thereof.

FRESH CARCASS BEEF.

Lots under 1,000 pounds, 50 cents per hundredweight first month, and 20 cents per hundredweight each additional month or part thereof.

Lots from 1,000 to 10,000 pounds, 40 cents per hundredweight first month and 20 cents per hundredweight each additional month or part thereof.

Lots over 10,000 pounds, 35 cents per hundredweight first month, and 20 cents per hundredweight each additional month or part thereof.

FROZEN CARCASS BEEF.

Lots under 1,000 pounds, 45 cents per hundredweight first month, and 20 cents per hundredweight each additional month or part thereof.

Lots from 1,000 to 10,000 pounds, 35 cents per hundredweight first month, and 20 cents per hundredweight each additional month or part thereof.

Lots over 10,000 pounds, 25 cents per hundredweight first month, and 20 cents per hundredweight each additional month or part thereof.

Sheep, calves and pigs (carcass) (any quantity) 50 cents per hundredweight first month, and 25 cents per hundredweight each additional month.

CHILL-ROOM OR NONFREEZING TEMPERATURES.

Meats and poultry, $\frac{1}{4}$ -cent per pound per month or fraction thereof.

Quarters of beef, 30 cents per quarter per month.

Lambs, 15 cents each per month.

Calves, 25 cents each per month.

Hogs, 25 cents per hundredweight per month.

No lot received at a less charge than 25 cents per month.

Minimum deliveries 100 pounds.

No single delivery at less than 25 cents.

This company is not responsible for shrinkage in weights while in storage.

Eggs.

Lots of 200 cases and over, 15 cents per case first month; 6 cents per case for each month thereafter.

Lots of 50 to 200 cases, 18 cents per case first month; 8 cents per case for each month thereafter.

Lots under 50 cases, 20 cents per case first month; 10 cents per case for each month thereafter.

"Cases" above means those containing 30 dozen each. The minimum charge on any lot will be 25 cents per month.

The rate of storage is per month or any part thereof dating from receipt of goods up to but not including same date of following month.

All eggs are stored at our new terminal cold-storage warehouse, Eleventh and E Streets SW. This is a modern concrete fireproof-constructed building with every facility for prompt and efficient service.

Insurance rates against fire very low in this fireproof building.

APPLES.**MONTHLY RATES.****IN BARRELS.**

Lots under 100 barrels, 30 cents per barrel first month; 20 cents per barrel per month thereafter.

Lots of 100 barrels or more, 25 cents per barrel first month; 15 cents per barrel per month thereafter.

IN BOXES.

Lots under 50 boxes, 15 cents per box first month; 10 cents per box per month thereafter.

Lots of 50 to 300 boxes, 12 cents per box first month; 7 cents per box per month thereafter.

Lots of 300 boxes or more, 10 cents per box first month; 6 cents per box per month thereafter.

SEASON RATES.**IN BARRELS.**

Lots of 100 barrels or more, 60 cents per barrel for season to April 1. After April 1, 15 cents per barrel per month.

IN BOXES.

Lots of 100 to 300 boxes, 35 cents per box.

Lots of 300 boxes or over, 30 cents per box.

After April 1, 6 cents per box per month.

Season ends April 1.

The storer shall have the option to choose between the season or monthly rate at the time of storage, and shall notify the cold-storage warehouseman of his choice. If not so notified, it will be assumed the storer wishes them carried at the monthly rate.

The terminal cold-storage warehouse is fireproof.

The fire insurance rate is very low.

THE WASHINGTON MARKET CO.,
FRANK G. WILKINS, *President*.

AUGUST 1, 1919.

Senator SHEPPARD. Will you read it?

Mr. WILKINS. It is right lengthy.

Senator SHEPPARD. Just give us one or two of them, or give us the basis on which you make your charges for storage.

Mr. WILKINS. We have a card that gives the rate on butter and oleomargarine, which is practically the same as butter.

Senator SHEPPARD. Read the rates on butter.

Mr. WILKINS. I will make it as brief as I can in reading it.

Senator SHEPPARD. Just on those two articles.

Mr. WILKINS. Butter, lots of less than 1,000 pounds, 35 cents a hundredweight for the first month, and 25 cents a hundredweight for each additional month thereafter.

Lots of 1,000 to 10,000 pounds, 30 cents a hundredweight for the first month, and 20 cents a hundredweight for each additional month thereafter.

Lots of 10,000 pounds or more, 25 cents a hundredweight for the first month, and 20 cents a hundredweight for each additional month.

The same would apply to oleomargarine.

Senator SHEPPARD. Does the statement which you have presented showing what articles you have had stored, show also the amounts at the present time?

Mr. WILKINS. It does on butter, eggs, and cheese, the amounts we had in storage at certain times. I also have a rate on poultry and on meats and on eggs.

Senator CAPPER. What about the eggs?

Mr. WILKINS. Our rate on eggs, in lots of 200 cases and over, is 15 cents per case for the first month and 6 cents per case for each month thereafter. A case is 30 dozen.

Senator SHEPPARD. How many eggs have you down there now in storage?

Mr. WILKINS. I submitted that in a statement here.

Senator SHEPPARD. That is what I meant to ask you, if you had already given it?

Mr. WILKINS. The statement was made as of August 15, and we had at that date 38,933 cases.

Senator SHEPPARD. How many in a case?

Mr. WILKINS. Thirty dozen, sir. Our storage rates are practically the same as fixed by the Food Administration. There have been very slight changes in them.

Senator SHEPPARD. I think it would be valuable if you could extend that statement. It is very valuable as far as it goes, but we would like to have it extended, showing how much you had of the other articles.

Mr. WILKINS. I have not that here.

Senator SHEPPARD. I say, if you can furnish it to us.

Mr. WILKINS. Twenty-five other articles?

Senator SHEPPARD. Yes.

Mr. WILKINS. On what articles?

Senator SHEPPARD. All the others you have in storage. Do you not think that would be a good thing, Senator Capper?

Senator CAPPER. Yes.

Mr. WILKINS. It means a vast amount of work. We have to make this statement every month to the Agricultural Department, and so I was able to assemble it, don't you see?

Senator SHEPPARD. What does your statement to the department cover—all you have on hand?

Mr. WILKINS. No, sir; it covers butter, eggs, and cheese, and a monthly statement of meats and poultry.

Senator SHEPPARD. Suppose you give us your last monthly statement of meats and poultry. You have already made that out for the department?

Mr. WILKINS. Yes, sir.

Senator SHEPPARD. So if you will just give us that it will give us some idea about it.

Mr. WILKINS. I have not it with me.

Senator SHEPPARD. You can send it here, to Miss Lawler.

(The statement furnished is as follows:)

Report to United States Government of goods held in cold storage at Center Market and terminal cold-storage warehouses, Washington Market Co.

	August 1, 1919.	August 1, 1918.	August 1, 1917.
Freezing temperature:			
Poultry.....	289,467	205,677	230,727
Beef.....	339,400	369,076	476,183
Pork.....	146,852	134,434	156,671
Lamb.....	24,712	71,910	61,310
Refrigeration temperature:			
Pickled pork.....	286,400	190,060	26,760

Of the above goods held in cold storage, 17 per cent was stored by the packers.

Mr. WILKINS. How much do you want on that? Do you want a comparison with other things?

Senator SHEPPARD. What you can give, without too much trouble, for a year or two?

Mr. MILLER. Mr. Wilkins, the primary purpose of the cold-storage plant is so that the dealer can keep his food in and out of season?

Mr. WILKINS. Yes, sir; our facilities are open to the wholesaler, or the jobber, or the public. Anybody that brings stuff there, we take it.

Mr. MILLER. Will you state again whether your warehouses are filled to their fullest capacity?

Mr. WILKINS. Stuff is changing all the time. Sometimes we have a little space; sometimes we do not. But in the Center Market we are always filled to our capacity, and if we had more freezing space there at times, especially in the last year, we could have stored a great deal. The Government stores a good deal with us.

Mr. MILLER. Do you know whether Washington has better or larger facilities for cold storage than other cities of its size?

Mr. WILKINS. Other cities have no better; they may have more in capacity.

Mr. MILLER. Will you say that your cold-storage plant, which I understand is the only one in the city of Washington, is overstocked at the present time?

Mr. WILKINS. Not just at this minute. We are full at the Center Market. We could take, maybe, five or six cars more of stuff, and that would fill us up at that plant. Now is the time we are releasing goods from there, which we will fill up later with fruit—apples, and those things. For instance, eggs begin to go out every year about the middle of August, and they continue being withdrawn from storage up to the 1st of January, and usually we have very few eggs left in storage on the 1st of January.

Mr. MILLER. Can you recall a time when foodstuffs were in storage in your plant and yet there was a shortage of those same foodstuffs in the market?

Mr. WILKINS. Not when they were withdrawing them, because there is a shortage they always withdraw them. We are not a distributing center, and the goods that are stored with us are used here in the city, with possibly one exception; that might be apples, when they can get facilities for storing, and we do have some apples shipped out of the city, but mostly shipped south.

Mr. MILLER. Do you have any goods on storage for the National City Dairy Co.?

Mr. WILKINS. I do not think we have.

Mr. MILLER. Have you ever had?

Mr. WILKINS. If we have, it is on that list, because that is a complete list that I furnished you.

Mr. MILLER. I wondered whether you recalled that name?

Mr. WILKINS. I know the firm very well. I do not think there have any in storage.

Mr. MILLER. The other day when their representative was here I testified that, due to the fact that they could store eggs here, they had been able to take advantage of a highly speculative market in eggs and make a greater proportion of profit over certain years than they did in other years. He laid it simply to the fact that they were able to store their eggs and keep them so they could take advantage of the people here and get a speculative market in eggs. I was wondering whether that particular firm used your facilities at any time.

Mr. WILKINS. Yes, sir; they have stored with us in years past, but I do not think they have had anything with us this year. There might be a little cheese in there, but I do not even know that. It is in that exhibit that I left here.

Mr. MILLER. There are several specific questions that I would like to ask you.

There are no Federal laws or regulations that regulate the time goods may be kept in cold storage, are there?

Mr. WILKINS. I do not think there are here—not in the District.

Mr. MILLER. There is no Federal law that compels stored goods to be marked as to the date of receipt and the date of delivery?

Mr. WILKINS. The Food Administration required that, and we did it; but before that we had always marked our goods with the date of receipt, but not the date of delivery.

Mr. MILLER. That would not show unless they were in the original packages when the consumer bought them?

Mr. WILKINS. Of course we mark the packages; we can not mark the goods themselves.

Mr. MILLER. There is no Federal law to prevent dealers from selling cold-storage goods as fresh goods?

Mr. WILKINS. I think there is.

Mr. MILLER. I am just asking you—

Mr. WILKINS. I can not answer that positively, because I do not deal in stuff.

Mr. MILLER. Has the representative of the United States district attorney's office visited your warehouse recently?

Mr. WILKINS. Yes, sir.

Mr. MILLER. Tell us what he said briefly.

Mr. WILKINS. He wanted to go through all of our cold-storage rooms, both plants, which he did, and asked to look at our books, and wanted certain information, which we gave him; that is, he wanted information as to dairy products after he got through making the inspection. That is the only thing he asked us for, and we furnished it to him.

Mr. MILLER. Did he find any conditions there as to an overabundant supply of any certain food stuff?

Mr. WILKINS. Why, I understand—I did not hear him personally make the statement, but he thought we had a good deal of condensed milk there and he wanted to know who put it in, and we told him.

Mr. MILLER. When did he make that visit?

Mr. WILKINS. Within 10 days.

Mr. MILLER. Whose property was that condensed milk?

Mr. WILKINS. It was placed in storage by Chapin & Sacks Manufacturing Co., of Washington, and they are manufacturers of milk. As I understand, they have not in the past been manufacturers of it, but this year they have. They use a lot of it themselves in their ice cream.

Mr. MILLER. How much is on storage there, roughly speaking.

Mr. WILKINS. I think it is on that list, is it not?

Mr. MILLER. What is that?

Mr. WILKINS. Is it not on that list?

Mr. MILLER. No.

Mr. WILKINS. I can not tell you how much there is, but there is a large quantity of it. They use our plant as a distributing plant.

Mr. MILLER. But the representative of the district attorney's office here had no criticism as to goods in your storehouse with the exception of this condensed milk?

Mr. WILKINS. He did not make any criticism of that; he simply said that he thought he should see Mr. Sacks and ask questions about it; that is all. There is a lot of it shipped. We ship out west about two or three cars of it a week right along. It is shipped to different points. They have had milk in our storage a good many years. I think they have bought it in past years.

Mr. MILLER. In your experience recently has any food gone bad in storage?

Mr. WILKINS. I do not think so; I do not know of any.

Mr. MILLER. Have you ever known of any food going bad in storage in your storehouses?

Mr. WILKINS. Why yes; last year we had fruit go bad; these honey-dew melons.

Mr. MILLER. What was done with the bad fruit?

Mr. WILKINS. The parties that stored it took it out and it was destroyed. I do not know just what they did with it. They became bad because they seemed to have been picked too green and decayed before they ripened.

Senator SHEPPARD. Is there any custom of inspection here of the products in cold storage?

Mr. WILKINS. No, sir; only what we make ourselves. If anything is bad we will not take it.

Mr. MILLER. You inspect it when you first receive it?

Mr. WILKINS. Yes; whenever it comes in.

Senator SHEPPARD. How often after that do you inspect it?

Mr. WILKINS. Well, if we get it in it will keep all right, but make an inspection every day of all our rooms, and if we have anything that is likely to go bad we keep track of it.

Senator SHEPPARD. If it starts to go bad?

Mr. WILKINS. Yes; we immediately notify the owner that he better look at his goods.

Senator SHEPPARD. You keep a constant watch for that?

Mr. WILKINS. Yes, sir. That is part of the service we give.

Senator SHEPPARD. That is all the questions I have.

Mr. WILKINS. Do you want these other things [indicating papers?]

Senator SHEPPARD. Yes; I think that is all interesting.

(The statements submitted by the witness, marked, respectively Exhibits "F," "G," "H," "I," "J," and "K," are as follows):

EXHIBIT F.

DIRECTORS OF THE WASHINGTON MARKET CO., 1919.

William G. Carter, Esq., 922-929 Louisiana Avenue NW.; Samuel W. Curriden, Thomas Circle, city; Hon. William V. Cox, Emery Place, Bridgewood, D. C.; Appleton P. Clark, jr., Esq., 816 Fourteenth Street NW.; Dan Fraser, Esq., care of National Bank of Washington; James B. Lamble, Esq., 1 New York Avenue NW.; Ralph W. Lee, Esq., Colorado Building, city; Clarence F. Norment, Esq., care of National Bank of Washington; Samuel J. Prescott, Esq., 814 Thirteenth Street NW.; Dr. William P. Reeves, the Congressional First and East Capitol Streets; William B. Thompson, Esq., 1621 S Street NW.; Frank G. Wilkins, office of Center Market; Simeon T. Price, 1735 Nineteenth Street NW.

Officers: Frank G. Wilkins, president; William V. Cox, vice president; Harry Boesch, superintendent and chief engineer; Samuel W. Curriden, secretary and treasurer.

EXHIBIT G.

Stockholders of Washington Market Co. whose holdings amount to 100 shares or more.

American Security & Trust Co., trustees	-----
Bailey, Charles B.	-----
Bell, Isabella	-----
Bell, Fannie	-----
Bell, Hugh	-----
Carter, William G.	-----
Carter, Mary Jane	-----
Courtis, Maude C.	-----
Cox, William V.	-----
Cushing, Caleb, estate	-----
Emery, M. G., estate	-----
Gatti, Michael, or Rosa	-----
Gaegler, Anthony	-----
Gatti, Stephen	-----
Gray, Edith C.	-----
Gray, Bertha	-----
Lewis, Mary F.	-----
National Savings & Trust Co., trustees	-----
Ordway, Nancy A.	-----
Phillips, George W., estate	-----
Prescott, Samuel J.	-----

HIGH COST OF LIVING IN DISTRICT OF COLUMBIA.

601

Mr. Mary Ord	350
Mr. William P	276
Mr. Mirianda V., estate	166
Mr. Isabel C	100
Mr. Edward O	7,377
Mr. Frank G	312
Mr. Lloyd H	901
Mr. Thomas P	600
Total	17,830
Not held by miscellaneous stockholders	2,170

EXHIBIT H.

Washington Market Co.

Cost of materials.	1915	1916	1917	1918	1919
Wheat (ton).....	\$3.20	\$3.45	\$5.50	\$6.20	\$5.80
do. (do.).....	3.55	3.55	7.80	7.25	7.10
do. (pound).....	.224	.224	.224	.31	.31
do. (gallon).....	.21	.21	.334	.35	.35
do. (pound).....	.08	.11	.124	.144	.14
do. (carload).....	25.00	30.00	45.00	50.00	70.00

Average increased in cost 250 per cent.

Wheat increased in cost 75 to 100 per cent.

Grain material increased in cost 75 to 100 per cent.

EXHIBIT I.

Cost of labor, Washington Market Co.

	1915	1916	1917	1918	1919
Engineers	\$1.00	\$2.00	\$2.50	\$4.00	\$4.00
do.	3.00	3.00	3.25	5.50	6.00
do.	2.00	2.15	2.55	4.80	4.50
Machinists	2.50	2.50	3.00	5.00	5.00
do.	2.00	2.00	2.50	4.50	4.50
do.	2.50	3.00	4.00	7.00	7.00
do.	1.75	1.75	2.00	2.50	3.00
do.	1.50	2.00	2.50	4.00-5.00	4.00-5.00

EXHIBIT J.

Assets of Washington Market Co.

For Market plant:

Appraised value on May 1, 1918, by American Appraisement Co. (reproduction value)..... \$1,034,724.87

Permanent additions and improvements not included in the appraisal..... 95,094.06

Buildings and improvements..... 1,129,818.93

Real plant:

Appraised value on Aug. 1, 1916 (reproduction values)..... \$447,093.20

Additions to buildings and machinery made since appraisal..... 159,729.93

Value of real estate, not included in appraisal, at cost..... 117,970.01

724,793.14

1,854,612.07

Other assets..... 144,934.61

1,999,546.68

Since date of appraisalment given above, cost of building materials, mach labor, etc., has increased from 25 to 33 per cent.

EXHIBIT K.

Statistics of Washington Market Co.

Cost of Center Market plant, buildings and all improvements, etc.....	\$1, 036, 01
Depreciation at various years from 1905 to 1913.....	238, 54
Value as shown by books.....	797, 42
Cost of terminal plant, land, buildings, improve- ments, and machinery.....	\$765, 973. 69
Depreciation each year from 1912 to 1918, inclusive.....	115, 057. 20
Book value.....	650, 91
Other assets.....	1, 448, 33
	144, 95
	1, 593, 27

Reproduction at present cost of material, machinery, labor, etc., would i ably increase above figures 50 per cent.

Mr. WILKINS. If there is anything I can give you at any t I will be glad to do it.

Senator SHEPPARD. Very well, sir.

STATEMENT OF MR. CHARLES I. CORBY.

(The witness was duly sworn by Senator Capper, presiding absence of Chairman Ball.)

Mr. CORBY. I have my auditor with me, also, if you would to have him testify—Mr. Peters.

Senator CAPPER. Does he follow you?

Mr. MILLER. Why not have Mr. Peters come up and be sw at the same time.

(Mr. Harry T. Peters was duly sworn by Senator Capper.)

Mr. MILLER. Give your full name and place of business to reporter, and after that Mr. Peters's.

Mr. CORBY. Charles I. Corby; place of business, Washing D. C.

Mr. MILLER. Give the name of your firm, and your address?

Mr. CORBY. The Corby Baking Co., Georgia Avenue and Trum Street NW.

Mr. MILLER. Now, Mr. Peters?

Mr. PETERS. Harry T. Peters; the same address.

Senator SHEPPARD. Did you state your relation to the company?

Mr. CORBY. President.

Senator SHEPPARD. Now, Mr. Peters's relation?

Mr. PETERS. Auditor.

Mr. MILLER. Is your business incorporated, Mr. Corby?

Mr. CORBY. Yes, sir.

Mr. MILLER. For how much?

Mr. PETERS. \$350,000.

Mr. MILLER. When was it incorporated?

Mr. PETERS. April 29, 1914.

Mr. MILLER. Does that represent cash actually paid in?

Mr. PETERS. Yes; cash and other properties.

Mr. MILLER. How much of it is cash actually paid in?

Mr. PETERS. I can not say, offhand.

Mr. MILLER. Have you any idea?

Mr. PETERS. No; I would not want to say.

Mr. MILLER. You do a wholesale and retail business?

Mr. CORBY. Wholesale.

Mr. MILLER. Exclusively?

Mr. CORBY. Yes, sir.

Mr. MILLER. Do you own your plant, or do you rent the buildings?

Mr. CORBY. We own the plants.

Mr. MILLER. You own the buildings?

Mr. CORBY. Yes, sir.

Mr. MILLER. You own the ground?

Mr. CORBY. Yes, sir.

Mr. MILLER. Now, let us have your volume of business from 1914 to last year, inclusive, as well as your net profits.

Senator SHEPPARD. In the first place, he ought to state at this point the total value of the investment.

Mr. CORBY. Our investment is \$1,500,534.

Senator SHEPPARD. When did you begin business, Mr. Corby, in the District of Columbia?

Mr. CORBY. Twenty-eight years ago.

Mr. MILLER. Mr. Peters, will you give the committee your volume of business as far back as you have it on your list there, including your total business?

Mr. PETERS. From the date of incorporation to the end of the year 1914 our total bread sales were \$384,523.28.

Senator SHEPPARD. What was the date of incorporation?

Mr. PETERS. April 29, 1914.

Senator SHEPPARD. From that date to what date?

Mr. PETERS. From that date to the end of 1914. During the year 1915 our total sales amounted to \$894,008.91. The latter part of that year we started in the manufacturing of cakes. During 1916 our bread sales were \$973,184.31. Our cake sales were \$134,327.96. During the year 1917 our bread sales were \$1,312,101.02. The cake sales during the same year were \$138,842.54. In 1918 our bread sales were \$1,953,792.04. The cake sales were \$417,822.74.

Senator SHEPPARD. What year was that?

Mr. PETERS. 1918.

Senator SHEPPARD. Have you given your by-products?

Mr. PETERS. I have given bread and cake.

Mr. CORBY. Bread and cake.

Senator SHEPPARD. Have you not sold some alcohol products?

Mr. CORBY. No, sir; the Corby Co. is a separate corporation entirely. The Corby Co. manufactures yeast and by-products, such as alcohol.

Senator SHEPPARD. What is the raw material in that business?

Mr. CORBY. The raw material is corn and barley principally.

Senator SHEPPARD. It is not a by-product in your baking business; it is a separate business?

Mr. CORBY. Yes, sir; a separate business entirely.

Senator SHEPPARD. A separate location?

Mr. CORBY. Yes, sir; Langdon, D. C.

Mr. PETERS. I might say that in view of the large number of figures that would be involved, I got this thing up in short form, which shows from the starting point here, the red line, the total expense [exhibiting a chart to the committee].

Senator SHEPPARD. You had better just explain that for the record. Is that also stated in the figures?

Mr. PETERS. Yes; but this is in much better form.

Senator SHEPPARD. Then we better get this chart in the record some way.

Mr. PETERS. This black line shows the increase in the price of flour from the time of starting up to July 21, 1918. The red line shows the increase in the price of bread. I have a sheet here which practically gives the same thing.

(The statement of bread and cake sales, marked "Exhibit A" submitted by the witness, is as follows:)

EXHIBIT A.

The Corby Baking Co. was incorporated April 29, 1914; took over the business of Corby Bros. (partnership) May 15, 1914, and has operated under the name of The Corby Baking Co. since that time.

The total outstanding paid-up capital stock amounts to.....	\$850,000.
The surplus at July 21, 1919 (the last date of closing the books), amounted to.....	650,579.

Total investment.....	1,500,579.
The bread sales during 1918 amounted to.....	1,953,792.
The profits on bread during 1918 amounted to.....	180,049.

Or 9.21 per cent of sales.

The cake sales during 1918 amounted to.....	417,822.
The profits on cake during 1918 amounted to.....	114,010.

Or 27.28 per cent of sales.

Our average inventory during 1918 was.....	220,550.
The bread sales during 1917 amounted to.....	1,312,101.
The profits on bread during 1917 amounted to.....	125,689.

Or 9.57 per cent of sales.

The cake sales during 1917 amounted to.....	138,842.
The profits on cake during 1917 amounted to.....	16,513.

Or 11.8 per cent of sales.

Our average inventory during 1917 was.....	98,044.
The bread sales during 1916 amounted to.....	978,184.
The profits on bread during 1916 amounted to.....	82,003.

Or 8.43 per cent of sales.

The cake sales during 1916 amounted to.....	134,327.
The profits on cake during 1916 amounted to.....	5,367.

Or 4 per cent of sales.

The bread sales during 1915 amounted to.....	894,088.
The profits on bread during 1915 amounted to.....	59,294.

Or 6.63 per cent of sales.

We started manufacturing cake during November, 1915.

The bread sales from July 20, 1914, to end of 1914 were.....	384,523.
The profits on bread during this period were.....	44,063.

Or 11.45 per cent of sales.

No cake manufactured during this year.

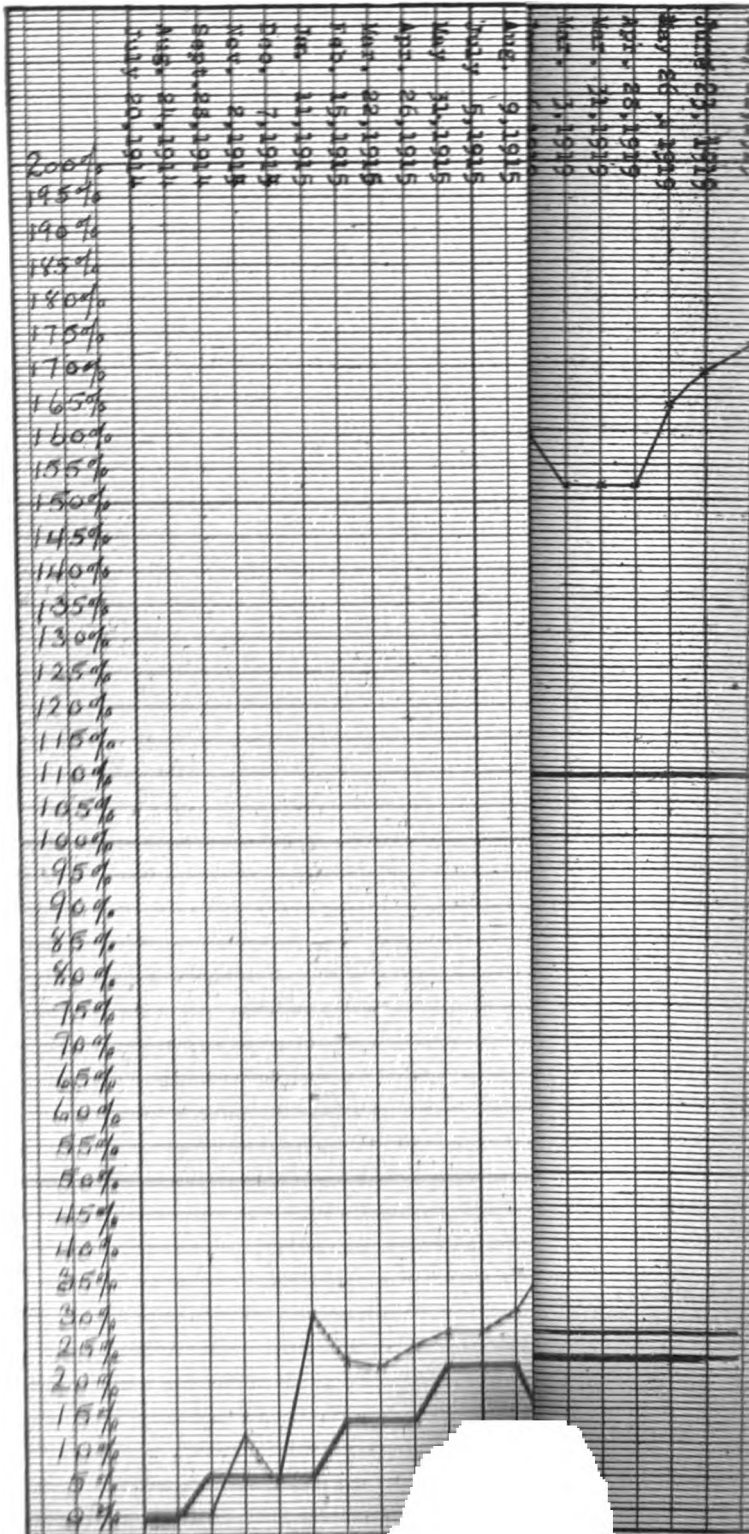
The average profits during the time from July 20, 1914, to July 21, 1919 inclusive, were 9 per cent of sales (bread).

Period ending June 23, 1919, profits on bread were 8 per cent of sales.

Period ending July 21, 1919, profits on bread were 7 per cent of sales.

Federal taxes on income and excess profits paid on 1918 profits amounted to 62.65 per cent of the profits.

Exhibit B-1.



Dec. 8, 1901

Nov. 20, 1901

Average cake profits during period from July 20, 1914, to July 21, 1919, inclusive, were 19.6 per cent of sales.

From January 7, 1919, to July 21, 1919, inclusive, the average cake profits were 3.5 per cent of sales.

If bread prices were reduced $\frac{3}{4}$ c per loaf our profits would be reduced (July 2, 1919, period) 7.14 per cent; or, in other words, would be reduced to nothing.

If bread prices were reduced 1 c per loaf our profits would be reduced (July 2, 1919, period) 14.28 per cent; or, in other words, would make us a loss of 7 per cent.

Average bread profits from January 7, 1919, to July 21, 1919, inclusive, were 1.5 per cent of sales.

The charts submitted by the witness, marked "Exhibit B-1" and Exhibit B-2," are reproduced in the record on facing page.)

Senator SHEPPARD. I understood you to say that the price of bread has not gone up in proportion to the price of flour?

Mr. PETERS. Not in proportion to the price of flour; no, sir.

Senator SHEPPARD. Flour is your raw material in the making of bread products?

Mr. PETERS. Yes, sir.

Senator SHEPPARD. Where do you buy those raw materials, Mr. Corby?

Mr. CORBY. Northeast and southwest—Minnesota, North Dakota, Oklahoma, Kansas.

Mr. MILLER. Have you any data here that you can give showing the range in prices?

Senator SHEPPARD. That is what he has right here.

Mr. PETERS. In the chart. We are now using higher-priced flour than is shown in that report.

Senator SHEPPARD. I note from this chart that the price of flour per barrel has gone up from \$4.23 in 1914 to \$11.54 in 1919.

Mr. CORBY. We are now working with flour that will average about \$12.56.

Senator SHEPPARD. That rise has occurred in the last month, has it?

Mr. CORBY. Yes, sir.

Senator SHEPPARD. Tell us, just in a sentence, how the price of bread has gone up.

Mr. PETERS. In 1914 we were scaling at 17 ounces and selling the loaf at 4 cents.

Senator SHEPPARD. What do you mean by scaling so many ounces?

Mr. PETERS. In making bread they scale so many ounces of dough to make a loaf. In other words, that is what goes through the scaling machine.

Senator SHEPPARD. Proceed.

Mr. PETERS. At that time the sale price per ounce of scaled bread was 0.235 of a cent.

Senator SHEPPARD. How much was that an ordinary loaf?

Mr. PETERS. It was 4 cents a loaf, which would be about a 15-ounce loaf. We are now scaling 14 $\frac{1}{4}$ ounces and selling at 7 cents, or 0.491 of a cent per ounce.

Senator SHEPPARD. What is that per loaf?

Mr. PETERS. Seven cents for a 12-ounce loaf.

Senator SHEPPARD. The 4 cents you referred to was for a 15-ounce

Mr. PETERS. Yes, sir; baked bread.

Senator SHEPPARD. Why did you scale less this year than you did in 1914?

Mr. PETERS. Because it costs us so much more.

Senator SHEPPARD. Explain that process, will you, of scaling? What do you mean by that? I did not quite catch that.

Mr. PETERS. In making up a batch of dough the mixture is made similar to the way the housewife does. Then it is dropped into scaling machine, which scales the dough at whatever weight is desired. We have scaled 17 ounces, and then went to 16; then went to 15, 13½, 12½, 16½, 18. The scaling weight is the only way to gauge the size of the loaf. We have been running a 12-ounce loaf now since July 22, 1918, regardless of increase in price of flour.

Senator SHEPPARD. That is what you call scaling it—getting it down to the size of the loaf you intend to sell?

Mr. PETERS. Yes, sir.

(The witness submitted to the committee a statement showing the number of barrels of flour used by the Corby Baking Co. from July 20, 1914, to July 21, 1919; the price per barrel; scaling weight; and sales price, which was marked "Exhibit C," and is as follows:)

EXHIBIT C.

Period ending—	Barrels of flour used.	Price per barrel.	Scaling weight.	Sales price.	Sales price per ounce.
			Ounces.		
July 20, 1914.....	5,938	\$4.23	17	\$0.04	\$0.002
Aug. 24, 1914.....	5,577	4.24	17	.04	.002
Sept. 28, 1914.....	5,751	4.21	16	.04	.002
Nov. 2, 1914.....	5,740	4.75	16	.04	.002
Dec. 7, 1914.....	5,527	4.46	16	.04	.002
Jan. 11, 1915.....	5,313	5.56	16	.04	.002
Feb. 15, 1915.....	5,515	5.22	15	.04	.002
Mar. 22, 1915.....	5,623	5.17	15	.04	.002
Apr. 26, 1915.....	5,722	5.28	15	.04	.002
May 31, 1915.....	5,861	5.37	14	.04	.002
July 5, 1915.....	5,771	5.37	14	.04	.002
Aug. 9, 1915.....	5,619	5.52	14	.04	.002
Sept. 13, 1915.....	5,596	5.82	15½	.04	.002
Oct. 18, 1915.....	6,121	5.72	15½	.04	.002
Nov. 22, 1915.....	5,916	5.36	15½	.04	.002
Dec. 27, 1915.....	5,747	6.08	15½	.04	.002
Jan. 31, 1916.....	5,762	4.94	15½	.04	.002
Mar. 6, 1916.....	5,894	5.02	15½	.04	.002
Apr. 10, 1916.....	6,049	5.27	15½	.04	.002
May 15, 1916.....	6,358	5.47	15½	.04	.002
June 19, 1916.....	6,456	5.43	15½	.04	.002
July 24, 1916.....	6,092	5.53	15½	.04	.002
Aug. 28, 1916.....	6,020	5.35	14	.04	.002
Oct. 2, 1916.....	6,153	5.43	13½	.04	.002
Nov. 6, 1916.....	5,897	5.55	13½	.05	.003
Jan. 8, 1917.....	9,285	6.10	13	.05	.003
Feb. 5, 1917.....	4,465	7.51	12	.05	.003
Mar. 5, 1917.....	4,636	9.12	13	.05	.003
Apr. 2, 1917.....	4,630	9.12	12½	.05	.004
Apr. 30, 1917.....	4,676	8.67	17	.08	.004
May 28, 1917.....	3,931	8.61	16½	.08	.004
June 25, 1917.....	4,241	8.76	16½	.08	.004
July 21, 1917.....	3,990	9.16	16½	.08	.004
Aug. 20, 1917.....	4,057	9.98	16½	.08	.004
Sept. 17, 1917.....	4,356	11.06	16½	.08	.004
Oct. 15, 1917.....	4,695	11.64	17½	.08	.004
Nov. 12, 1917.....	4,708	11.20	17½	.08	.004
Dec. 10, 1917.....	4,739	11.65	18	.08	.004
Jan. 7, 1918.....	5,182	11.01	18	.07	.003
Feb. 4, 1918.....	5,437	11.00	18	.07	.003
Mar. 4, 1918.....	5,408	10.94	14	.06	.004
Apr. 29, 1918.....	11,803	10.33	14½	.06	.004
May 27, 1918.....	6,019	11.12	14	.06	.004
June 24, 1918.....	6,042	10.65	14	.07	.005

EXHIBIT C—Continued.

Period ending—	Barrels of flour used.	Price per barrel.	Scaling weight.	Sales price.	Sales price per ounce.
			<i>Ounces.</i>		
July 22, 1918.....	5,689	\$10.95	144	\$0.07	\$7.00483
Aug. 19, 1918.....	6,074	10.56	144	.07	.00483
Sept. 16, 1918.....	6,651	11.95	144	.07	.00491
Oct. 14, 1918.....	6,900	11.41	144	.07	.00491
Nov. 11, 1918.....	7,008	10.98	144	.07	.00491
Dec. 9, 1918.....	6,989	11.29	144	.07	.00491
Jan. 6, 1919.....	6,274	10.95	144	.07	.00491
Mar. 3, 1919.....	13,428	10.65	144	.07	.00491
Mar. 31, 1919.....	6,706	10.52	144	.07	.00491
Apr. 28, 1919.....	6,815	10.72	144	.07	.00491
May 26, 1919.....	6,889	11.18	144	.07	.00491
June 23, 1919.....	6,716	11.39	144	.07	.00491
July 21, 1919.....	6,933	11.54	144	.07	.00491

Mr. MILLER. Bring out, please, your net profits for those years for the same volume of business?

Mr. PETERS. Net profits for the same volume of business? What do you mean?

Mr. MILLER. Just give us the net profits on the volumes of business you have read each year.

Mr. PETERS. The profits during the year 1914, which was not a full year, were \$41,063.65. The profits during 1915 were \$59,294.41. The profits on bread during 1916 were \$82,003.68; the profits on cake during the same year were \$5,367.77. The profits on bread during 1917 were \$82,003.68; the profits on cake during the same year were \$5,367.77. The profits on bread during 1917 were \$125,689.96. The profits on cake during the same year were \$16,513.80. The profits on bread during 1918 were \$180,049.58. The profits on cake during the same year were \$114,010.52.

Senator SHEPPARD. Mr. Corby, why has not the price of bread gone up in proportion to the price of flour?

Mr. CORBY. Well, there is not such a great difference there. The volume of business will affect that. We work for a certain profit, and, of course, the greater our volume of business the greater the profit and the more we can give.

Senator SHEPPARD. In other words, you have achieved a volume of business that has enabled you to sell bread at a slightly cheaper rate than that at which the flour has gone up?

Mr. CORBY. Yes, sir.

Senator SHEPPARD. Bread, having gone up from 4 cents a loaf to 7 cents a loaf since 1914, has gone up nearly 100 per cent.

Mr. PETERS. One hundred and nine per cent, according to the chart.

Senator SHEPPARD. In how many years—five years?

Mr. PETERS. Yes, sir. Flour has gone up 174 per cent. I think that is what the chart shows there. Of course, the exact figures are on the chart.

Mr. MILLER. Have you a statement showing the increase in your costs of operation because of the rise in the price of raw materials?

(Mr. Peters submitted a comparison of costs for 1914 to 1919 marked "Exhibit D," and which is as follows:)

EXHIBIT D.

Comparison of costs for 1914 and 1919.

Name of article.	1914	Present.	Percent age of increas
Gold Medal flour (Washburn-Crosby Co.).....	\$4.25	\$11.90	
No. 10 sugar (W. J. McCahan).....	.0814	.0845	
Granulated sugar (W. J. McCahan).....	.06	.09	
Cottonseed oil (Capital Refining Co.).....	.07566	.30	
Yeast (Corby Co.).....	.16	.18	
Condensed milk (Western res. condensed milk).....	.0669	.149	
Salt (Diamond Crystal Salt Co.).....	.0069	.01	
Rye flour (Washburn-Crosby).....	.0171	.05	
Corn meal (W. S. Hoge).....	.017	.035	
Compound (Capital Refining Co.).....	.07125	.30	
XXX sugar (McCahan).....	.0409	.092	
Roloco (Corby Co.).....	.072	.09	
Raisins (California Associated Raisin Co.).....	.0825	.10	
Corby labels (Dennison).....	.025	.065	
Mother's labels (Dennison).....	.033	.09	
Bread wrappers, printed, per 1,000 (National Wrapping Paper Co.).....	1.39	2.44	
Paper sacks, 12-pound, per 1,000 (Continental Paper Bag Co.).....	1.10	2.50	
Turpentine, per gallon (Hugh Reilly).....	.48	1.55	
Oil, for painting, per gallon (Hugh Reilly).....	.51	2.28	
White lead, per pound (Hugh Reilly).....	.0625	.12	
Box blue, per pound (Mansfield Shaffer).....	.25	1.65	
Oats, per bushel (Wilkins Rogers).....	.56	.88	
Hay, per ton (Wilkins Rogers).....	17.00	38.00	
Straw, per ton (Wilkins Rogers).....	6.35	14.00	
Oven coal, per ton (Blick Bros.).....	5.25	11.00	
Steam coal, per ton (Blick Bros.).....	2.90	7.75	
Gasoline, per gallon (Standard Oil Co.).....	.135	.225	
Toilet paper, per case (Cauthorne Paper Co.).....	4.50	14.00	
Office ink, per quart (R. P. Andrews).....	1.25	1.25	
Engine oil, per gallon (Standard Oil Co.).....	.16	.36	

Mr. MILLER. Will you state to the committee whether your operating expenses as to labor have gone up?

Mr. PETERS. Yes, sir. Bakers in 1914 were getting \$20 a week and now they are getting \$35; an increase of 75 per cent.

Mr. MILLER. Is there any other information relative to other classes of employees peculiar to your trade that you desire to give?

Mr. PETERS. Salesmen who sell the bread in 1914 were making on an average about \$28 a week. They now run between \$65 and \$7 a week.

Mr. MILLER. Has the cost of your delivery service increased, also?

Mr. PETERS. Only by reason of the increases in the other details such as gasoline, horse feed, etc.

Mr. MILLER. Do you do a credit or a cash business?

Mr. PETERS. Mostly cash; very few credit customers.

Mr. MILLER. Can anyone buy retail from you?

Mr. PETERS. No, sir.

Mr. CORBY. We have market stands where they can buy at retail.

Senator SHEPPARD. Market stands that you operate, Mr. Corby?

Mr. CORBY. Yes, sir.

Senator SHEPPARD. What does the retailer add to the loaf you sell for 7 cents, as a rule?

Mr. PETERS. I believe the average retailer sells that 7-cent loaf for 8 cents. Some of them charge more, I think.

Senator SHEPPARD. Some charge 10, I think.

Mr. CORBY. No, sir; there are a few dealers that get 9 cents; the majority get 8 cents. A dealer now gets about 14 per cent profit, whereas before the war, he got 25 per cent. So the dealer is getting a less percentage of profit on the bread sales than he was before the war.

Senator SHEPPARD. Why is that, Mr. Corby?

Mr. CORBY. I presume that it is the wish, and the ambition, and the desire to help conditions through the war; and that it is still continuing.

Mr. MILLER. Is it your intention to increase the weight of the 7-cent loaf?

Mr. CORBY. No, sir.

Mr. MILLER. I understood you were contemplating increasing the weight of your loaf when you were confronted by the demand for a raise in wages from some of your employees?

Mr. CORBY. No, sir.

Mr. MILLER. I have no more questions.

Senator SHEPPARD. Have you endeavored to regulate the price in any way, or influence the price in any way that the dealer charges, in the interests of the general public?

Mr. CORBY. No, sir.

Senator SHEPPARD. That is a matter that you leave to him, absolutely?

Mr. CORBY. Yes, sir.

Senator CAPPER. Where do you sell, Mr. Corby—anywhere outside of the city of Washington?

Mr. CORBY. Yes, sir; we ship bread into Delaware and Virginia—

Senator CAPPER. How about the cake? Where is that marketed?

Mr. CORBY. A great part of that is marketed in Washington. Some goes into Virginia and some into Maryland.

Senator CAPPER. What did I understand your profits were last year on cake?

Mr. CORBY. \$114,010.52.

Senator CAPPER. That was a pretty good year for cake. That really was a big increase in the business and in the profits, was it not?

Mr. CORBY. Yes; 1918 was a large year in cake. At the present time it is not a large year.

Senator CAPPER. What part of the bread marketed in the city of Washington comes from your baker? How much of the total do you supply the city of Washington?

Mr. CORBY. I should judge somewhere around one-third.

Senator CAPPER. Yours is much the largest establishment in the city.

Mr. CORBY. Yes, sir. I might say that the prices we are now working on and the weight we are working on are the prices and the weights that the Food Administration gave us to work on. We were losing money and we asked the Food Administration to allow us to raise the price. They said before doing that it would be necessary to have our books investigated and see if we were entitled to an increase in price. They had the auditors from the Federal Trade Commission at our plant some considerable length of time, and after taking our figures and finding we were running at a loss, they went over it and figured out what they thought we were entitled to.

Senator SHEPPARD. When was that?

Mr. CORBY. When was the date they worked on the Federal Trade Commission price?

Mr. PETERS. In the early part of March, 1918, is when the audit came from the Federal Trade Commission.

Senator SHEPPARD. You mean you had a loss for that year?

Mr. CORBY. Right at that time we were losing money. They took our books and went over them and fixed a price and the weight, and that is what we have been working on ever since.

Senator CAPPER. There seems to have been a profit of nearly \$300,000 last year, so you did not lose very much after the Food Administration made that arrangement.

Mr. CORBY. The data we have there will show you the percentage of profit in bread in 1914 up to the present time average 9 per cent of our sales.

Senator CAPPER. That was on the volume of business?

Mr. CORBY. Yes, sir.

Senator SHEPPARD. Is that after deducting your income tax, Mr. Corby?

Mr. CORBY. No.

Senator SHEPPARD. Your income tax came out of that 9 per cent

Mr. CORBY. We are not allowed to deduct that.

Senator SHEPPARD. I say, when you figured what the net profit were that you had made, was that with your income tax deducted?

Mr. PETERS. No; the income tax had to be paid out of that.

Senator CAPPER. Your capital stock is still \$350,000?

Mr. PETERS. \$850,000.

Senator SHEPPARD. The total investment is about one and a half millions.

Senator CAPPER. It was \$294,000 last year?

Mr. PETERS. Yes, sir.

Senator SHEPPARD. Mr. Corby, do the figures that you have give include the operations of the company called the Havenner Co.?

Mr. CORBY. No, sir; they are entirely separate.

Senator SHEPPARD. Do you own that company?

Mr. CORBY. Yes, sir.

Senator SHEPPARD. Have you any figures relating to that?

Mr. CORBY. Yes, sir.

Mr. MILLER. Mr. Mason is here, is he not?

Mr. CORBY. No, sir; he is not.

Mr. MILLER. I thought Mr. Mason was going to be here.

Mr. CORBY. No, sir; I represent both companies.

Senator CAPPER. The Havenner Co. is a smaller company than the Corby Co.?

Mr. CORBY. Yes, sir.

Senator CAPPER. Their business is very much along the same lines

Mr. CORBY. Yes, sir; with the exception that they do not manufacture cake. They only manufacture bread.

Senator SHEPPARD. That company made about the same percentage of profit as your company?

Mr. CORBY. No, sir; it has made less.

Senator CAPPER. What is the purpose of having two companies?

Mr. CORBY. Well, the Corby Baking Co. started 28 years ago, and the Havenner Baking Co. started in 1915. Most of the people who

built up that company had passed away and it had been handed down, and their business was on the market for sale.

Senator SHEPPARD. What investment have you with the Havenner Co.?

Mr. CORBY. Mr. Peters has that.

Mr. PETERS. \$374,841.90—\$300,000 capital stock.

Senator SHEPPARD. When did you acquire that?

Mr. CORBY. June 17, 1916.

Senator SHEPPARD. You said you thought your company had about one-third of the business in Washington. You do not mean to include the Havenner Baking Co. in that statement?

Mr. CORBY. No, sir.

Senator SHEPPARD. How much more would that add to your part of the business—about 10 per cent more?

Mr. PETERS. The ratio is this: In 1918 the Corby Baking Co. bread sales were \$1,954,000, in round figures, while the Havenner Co. was \$648,000. In other words, if we have one-third, Havenner has one-half of that, which would be one-sixth.

Senator SHEPPARD. Have you some figures relating to the operations of the Havenner Co. that you could leave with us?

Mr. PETERS. Yes, sir.

Senator SHEPPARD. That will be sufficient.

Mr. PETERS. The figures show profits for the latter half of 1916 of \$13,653.56; for 1917, \$38,355.84. I am subtracting as I go along; you better verify that figure. During 1918 the bread profit was \$19,345.12.

(The statement relating to the Havenner Baking Co., submitted by the witness and marked "Exhibit E," is as follows:)

EXHIBIT E.

Havenner Baking Co. was incorporated Jan. 3, 1903.

The present management took charge June 17, 1916; continued to operate under firm name of Havenner Baking Co.

The total outstanding, paid-up capital stock amounts to.....	\$300,000.00
The surplus at July 21, 1919 (the last date of closing the books), amounted to.....	74,841.90

Total investment.....	374,841.90
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The bread sales during 1918 amounted to.....	647,714.84
--	------------

The profits on bread during 1918 amounted to.....	19,345.12
---	-----------

Or 3 per cent on sales.

No cake was manufactured.

The bread sales during 1917 amounted to.....	435,937.01
--	------------

The profits on bread during 1917 amounted to.....	41,247.67
---	-----------

Or 9.4 per cent on sales.

The cake sales during 1917 amounted to.....	287,042.33
---	------------

Cake department showed a loss during 1917 of.....	2,891.83
---	----------

Profit on bread sales during last half of 1916.....	13,653.56
---	-----------

Or 10.2 per cent on sales.

The average bread profits from June 17, 1916, to July 21, 1919, were 6.2 per cent on sales.

Period ending July 21, 1919, bread profits were 4.2 per cent of sales.

Senator CAPPER. The Corby Co.'s stock is owned by you, is it?

Mr. CORBY. Yes, sir; seven stockholders.

Senator CAPPER. They are in your family?

Mr. CORBY. Four in the family.

Mr. PETERS. Are you talking about the Corby Baking Co. or the Corby Co.?

Mr. CORBY. The Corby Baking Co. has four in the family and three out.

Senator CAPPER. What percentage of the stock do you own—that is, your family?

Mr. CORBY. A very large per cent.

Senator CAPPER. This other company, is that divided up the same way?

Mr. CORBY. The same way.

Senator CAPPER. In making this statement of the Corby Co., expenses, and so on, what do you allow yourself as president of the company?

Mr. CORBY. In the way of salary?

Senator CAPPER. Yes.

Mr. CORBY. \$25,000 a year.

Senator CAPPER. What was it as to the other company?

Mr. CORBY. \$5,000.

Mr. MILLER. The Senator would like you to state the names of the members of your family who are stockholders in the Havenner Baking Co.

Mr. CORBY. William S. Corby, Charles I. Corby, Robert L. Corby, and May Louise Corby Ward, who is a sister.

Mr. MILLER. Is that all?

Mr. CORBY. Yes, sir.

Mr. MILLER. Have you already told the Senators what proportion of the stock all your family holds in the Havenner Co.?

Mr. CORBY. I have not told them the exact proportion. It is much the greater part.

Mr. MILLER. Have you any more questions, Senator Capper?

Senator CAPPER. No.

Mr. MILLER. That is all, then.

STATEMENT OF MR. LEWIS HOLMES.

(The witness was duly sworn by Senator Capper.)

Mr. MILLER. Give your full name and place of business.

Mr. HOLMES. Lewis Holmes, 107 F Street NW.

Mr. MILLER. Are you incorporated?

Mr. HOLMES. Yes, sir.

Mr. MILLER. What is your capitalization?

Mr. HOLMES. Incorporated for \$300,000.

Mr. MILLER. How much cash actually paid in?

Mr. HOLMES. All paid in.

Mr. MILLER. Your firm does a wholesale and retail business?

Mr. HOLMES. Yes, sir; principally retail.

Mr. MILLER. What proportion of your business is retail business?

Mr. HOLMES. I have my son-in-law here with me, who is the manager of the company. I would like to have him sworn, too. Maybe he can recall some things that I can not. I have not brought as much data as the rest of them.

Mr. Leon S. Ulman was thereupon duly sworn by Senator Capper.)

Mr. MILLER. What is your full name, Mr. Ulman?

Mr. ULMAN. Leon S. Ulman.

Mr. MILLER. Can you answer that question, Mr. Holmes?

Mr. HOLMES. I should say that half of it, anyhow, is retail.

Mr. MILLER. You deal in breads, pies, and cakes?

Mr. HOLMES. Yes, sir.

Mr. MILLER. How much of your business is in bread?

Mr. HOLMES. I have the figures in my pocket of the bread sales.

Mr. MILLER. Have you any figures that will show the proportion of your business in breads, pies, and cakes?

Mr. HOLMES. No; I have not. I can furnish it to you. I thought you wanted the bread report.

Mr. MILLER. Does your statement include bread, and nothing else?

Mr. HOLMES. Yes, sir.

Mr. MILLER. Will you read into the record, then, the total volume of your bread business for the years 1914 to 1918, inclusive, and the profit thereon?

Mr. HOLMES. Yes, sir. In 1914, \$246,704.64. The profit was \$34,059.89.

In 1915, \$268,552.96, and the profit was \$32,244.09.

In 1916, \$285,103.56. The profit was \$39,307.20.

In 1917, \$316,245.80. The profit was \$48,272.89.

In 1918, \$376,363.83. The profit was \$29,742.

Mr. MILLER. Mr. Holmes, will you explain why it is that with an increased volume of business in 1918 over 1917 you had a much smaller profit?

Mr. HOLMES. We lost a lot of business. We were compelled to put substitutes in our bread, and we had a great deal of trouble and complaint from customers and lost a lot of trade. We had a much less volume of bread business.

Mr. MILLER. It shows here that your volume of bread increased approximately \$85,000 from 1917 to 1918. You have a reduction of \$48,000. and \$29,000 in your profits.

Mr. HOLMES. Yes.

Mr. MILLER. Why did you have to use substitutes?

Mr. HOLMES. The high cost of materials, and we were compelled to use substitutes by the Food Administration, and lots of them cost more than flour did.

Mr. MILLER. That is what I wanted to bring out.

Mr. HOLMES. It cost a great deal more for labor. The wages of our bakers went up and our employees all raised their wages on us, which consequently cut down the profit.

Mr. MILLER. Will you send to the committee as soon as possible similar figures covering your pie and cake business?

Mr. HOLMES. I will.

Mr. MILLER. As long as you have divided it up this way, we would like the pie and cake business divided up, and then a recapitulation giving the total figures for all your business over those same years.

Mr. HOLMES. I can very easily do it and will be glad to furnish it.

Mr. MILLER. From what sources came your raw materials, and has there been an increase in the cost of those raw materials since 1914?

Mr. HOLMES. We get our flour, just as Mr. Corby stated a while ago, from Kansas, Dakota, and Minnesota, and we bought some flours around the country here, native flours, local flours, that we use for making pie crust and things of that kind. It is winter-wheat flour,

right around Washington. Some of it is bought within 15 or 20 miles of the city here.

Mr. MILLER. Have you any figures that will show the increase the cost of your operations from 1914 to 1918?

Mr. HOLMES. I can bring those figures. I have not got them with me.

Mr. ULMAN. Speaking of the increased cost, it is over a hundred per cent, but we can furnish the figures.

Mr. MILLER. Does the committee care for the figures?

Senator SHEPPARD. I think the statement that there has been an increase would meet the point.

Mr. MILLER. What has gone to make up that increase in the cost of operations—labor?

Mr. ULMAN. Labor mostly.

Mr. MILLER. What other agency?

Mr. ULMAN. Every commodity that goes into bakery product and in our plant we use something like 200 different items, and the increase will run from 40 to 400 per cent. Some of the largest items we use have increased around 400 per cent in four years' time.

Mr. MILLER. Do you maintain a delivery service?

Mr. ULMAN. Absolutely.

Mr. MILLER. What proportion of your trade is dependent upon that delivery service?

Mr. ULMAN. All of it.

Mr. MILLER. In other words, your whole retail trade is dependent upon it?

Mr. ULMAN. We retail right direct to the consumer. The paper bags have increased between 300 and 400 per cent, and we have a sack every loaf of bread we put out.

Mr. HOLMES. Lard is another item that is four times what it was before the war.

Mr. MILLER. Do you do a cash or credit business?

Mr. HOLMES. Mostly cash. We do some credit, but mostly cash.

Mr. MILLER. Proportionately how much credit business?

Mr. ULMAN. Not over 10 per cent.

Mr. MILLER. Do you sell any of your products outside of the District of Columbia?

Mr. ULMAN. Washington and vicinity. Alexandria is about as far as we go.

Mr. MILLER. I have not further questions.

You will send that data up, Mr. Holmes, and it will be inserted at the end of your testimony.

Mr. HOLMES. Yes, sir; showing the total business and the total profits, and then showing the profits on the cakes, pies, and bread. Is that what you want?

Mr. MILLER. Yes.

Mr. HOLMES. All right.

Senator SHEPPARD. Send it right to this committee room.

STATEMENT OF MR. C. MAURICE SIOUSSA.

(The witness was duly sworn by Senator Capper.)

Mr. SIOUSSA. Mr. Chairman, I think there is a mistake—
Senator CAPPER. You are representing the Brocket Co.?

Mr. SIOUSSA. No, sir; Mr. Brocket and I have very little dealings together. He has a desk there. He happened not to be in the office, and his clerk was there. That is why I think you have got it mixed.

Senator SHEPPARD. What is the style of your business?

Mr. SIOUSSA. I am a broker in fine sugar.

Senator SHEPPARD. What is the name of your firm?

Mr. SIOUSSA. Sioussa & Brockett, so far as a portion of it is concerned.

Senator SHEPPARD. Are you capitalized?

Mr. SIOUSSA. No, sir.

Senator SHEPPARD. It is merely a partnership?

Mr. SIOUSSA. I am simply a broker in refined sugar.

Senator CAPPER. Do you buy sugar, or do you simply—

Mr. SIOUSSA. I simply represent the Frankling Sugar Refining Co. for the last 43 years. We do not buy or sell any sugar on our own account; we simply deal with the trade.

Senator CAPPER. Right here in Washington?

Mr. SIOUSSA. Yes, sir. That is how Mr. Brockett comes in; he has the Virginia territory. He has nothing to do with my business here or me with him over there. He simply represents the refinery for Alexandria, Charlottesville, Culpeper, and Orange.

Senator CAPPER. Whom do you sell sugar for?

Mr. SIOUSSA. The Franklin Sugar Refining Co., of Philadelphia.

Senator CAPPER. Are they in any way associated with the American Sugar Refining Co.?

Mr. SIOUSSA. They are supposed to be a branch of it.

Senator SHEPPARD. How is the market now?

Mr. SIOUSSA. It is in a pretty bad way.

Senator CAPPER. Are you able to supply your customers in Washington?

Mr. SIOUSSA. I have got 20 of them who have not got a pound of sugar in the house to-day.

Senator CAPPER. How do you account for that?

Mr. SIOUSSA. Because we have not got the raw sugar. It comes about as a result of the marine strike in New York some months ago that tied up all the vessels there; the consequence was we ran out of sugar. I have got some sold in June and not delivered yet.

Senator CAPPER. Have you raised the price of sugar?

Mr. SIOUSSA. No, sir; we can not raise it. The Government owns all the sugar.

Senator CAPPER. The Government?

Mr. SIOUSSA. Every bit of raw sugar. They establish a price and we can not get any more or any less. Everybody pays the same price whether they buy 1,000 barrels or 100 barrels.

Senator SHEPPARD. What is your price?

Mr. SIOUSSA. It is worth \$9 at the factories. Our freight rate is 22.50. Of course laid down here it is \$9.22, less 2 per cent for cash, seven days.

Senator SHEPPARD. Per hundred pounds?

Mr. SIOUSSA. Yes, sir.

Senator SHEPPARD. What does the retailer add to that when he sells it?

Mr. SIOUSSA. We do not control the retailers at all. We have some retail trade. They are selling sugar now, as I understand from 10 to 11 cents a pound. There is no established price between them. I saw last night in the paper that the Old Dutch Market was selling sugar at 10½ cents. I can go right across the street to another man and ask him how much sugar is and it is 11 cents, and another man may ask 10 cents.

Senator SHEPPARD. For the same grade of sugar?

Mr. SIOUSSA. For the same grade of sugar. I have been in the grocery business 62 years and the sugar business has always been a bugbear to the grocer. I went into the business 62 years ago. I got one-eighth of a cent profit on sugar and considered ourselves lucky.

Senator SHEPPARD. How much?

Mr. SIOUSSA. One-eighth of a cent. When we got one-eighth of a cent we considered ourselves lucky.

Senator SHEPPARD. Why is it so much more difficult to make profit on sugar than on anything else?

Mr. SIOUSSA. It has always been the leading article that a woman or a man asks about when they come into the store, "What do you ask for sugar to-day?" I used to know an Irishman, and the first thing he would say was, "What do you ask for sugar?" I would tell him "We are asking 6½." He would say, "I can't pay that. I must have it for 6½." We would give it to him, and I would sell him \$500 worth of liquor and he wouldn't say a word. That is a positive fact.

You take a German, and he is different. We had one that would come in and ask the price of flour. That was the German. He did not want to pay \$7, but he would give \$6.75, and I would sell him all the goods he wanted, and he would never ask the price of anything else.

Senator SHEPPARD. You sell simply to the wholesalers?

Mr. SIOUSSA. Yes, sir. What is your name?

Senator SHEPPARD. My name is Senator Sheppard.

Mr. SIOUSSA. Senator, we sell anybody except consumers.

Senator SHEPPARD. Most of the trade is with wholesalers?

Mr. SIOUSSA. With the wholesale trade, the jobbers, and the manufacturers. We sell a good deal of sugar to manufacturers—I mean to the bakers and the candy makers. I have been with the Franklin Co. for 43 years.

Senator CAPPER. You say the trouble is all due to the strike in New York?

Mr. SIOUSSA. It is nothing else. I had a letter from the refinery and they tell me positively that they expect the sugar every day and they will commence to make it, and I will have my proportion. Of course, I am only one of a hundred and fifty representatives of the refinery has throughout the country. In Philadelphia we can make 11,000 to 12,000 barrels of sugar a day if we have the raw sugar to make it.

Senator SHEPPARD. Do you keep any sugar, yourself, in storage here?

Mr. SIOUSSA. No, sir; the law does not allow it. Some years ago I did, for five or six years, carry sugar in storage, but that was broken

up, long before the war began. We have not carried a barrel of sugar for possibly eight years.

Senator SHEPPARD. Your remuneration is on a commission basis, on what business you do?

Mr. SIOUSSA. Yes, sir. We get 10 cents a barrel, without regard to price, and out of that 10 cents a barrel we have to pay expenses. We have to pay our office rent, clerk hire, what telegrams I send—those that are sent to me are paid for. We get 10 cents a barrel, and our commission is about one-third of 1 per cent.

Senator CAPPER. Is there any beet sugar sold in this country?

Mr. SIOUSSA. Not within the last three years. I have sold a great deal of beet sugar, but not in the last three years.

Senator SHEPPARD. Why not?

Mr. SIOUSSA. We could not get it. The sugar board did not allow any beet sugar to come east of the Mississippi. On the other hand, they controlled the refineries west of the Mississippi, except what would come from San Francisco, possibly.

Senator CAPPER. Has there been any refined sugar shipped to European countries?

Mr. SIOUSSA. That is one thing that has made the sugar shortage, as well as I am informed. I get this out of the public print. Every pound of sugar the refiners made in March, April, and May they divided up, and one-half went across the water and one-half stayed in this country.

Senator CAPPER. This last May, you say?

Mr. SIOUSSA. April and May, and up through June. That was stopped in the latter part of June. They told the refineries not to ship any more abroad until they relieved the market in the East.

Senator SHEPPARD. They are not shipping now?

Mr. SIOUSSA. Not to my knowledge.

Senator SHEPPARD. Do you think it would be a good plan to keep our sugar here right along?

Mr. SIOUSSA. We ought to relieve our own people. I have sold sugar several months ago, and we have not got it yet. On the other hand, I have sugar sold probably a month ago that we have got.

Senator SHEPPARD. What was your volume of business last year?

Mr. SIOUSSA. It would not be a fair statement to make, because we have not been able to get the sugar. I always sold in this town 40 cars of sugar a month.

Senator SHEPPARD. How many barrels in a car?

Mr. SIOUSSA. My sales in this city average 25,000 barrels yearly, when they ought to have an average of 60,000 barrels a year. I have not averaged for the last two years 25 cars. We can not get the sugar.

Mr. MILLER. How many barrels a month?

Mr. SIOUSSA. I say we ought to sell 40 cars.

Mr. MILLER. One hundred and fifty barrels in a car? Instead of 60,000 it would make 6,000.

Mr. SIOUSSA (continuing). Some take 150,000, some 100,000, and some take less. We have not been able to get the sugar. They give each refinery so much, as I understand it, and the refinery does the best it can. Of course, we want to sell the sugar and we want to sell all we can, but if they have not got any, we can not sell it.

Senator SHEPPARD. You say you sold last year about 25 cars month?

Mr. SIOUSSA. I said I supposed so; I can not tell exactly.

Senator SHEPPARD. You haven't your accounts here?

Mr. SIOUSSA. No, sir. I would think it would average that. I will say one thing about it, that the cars were more than they would be ordinarily before the war. I will tell you how that came about. The sugar board controlled the amount of sugar put into a barrel. They can not go beyond 38,000. First, they had 50,000, and then they went to 38,000 and then to 35,000, and above that, up to 60,000.

Senator SHEPPARD. Do your refineries furnish most of the trade here in Washington?

Mr. SIOUSSA. They do; yes, sir. I consider that I sell 75 per cent of the sugar that comes here. I get 10 cents a barrel on it. I presume that is because I have grown up with those people. I have been with them so long. I have been in the grocery business ever since 1857.

Senator SHEPPARD. You do not think there is any profiteering in the sales of sugar here?

Mr. SIOUSSA. Not at all. I hear occasionally of some man in the business that has sold sugar for 11 cents, or 11½ cents, and taken advantage. We have some grades of sugar that go over 12 cents a pound. We have a Crystal Domino sugar that is worth about \$12.00 delivered here, but we base everything on the basis of granulated sugar. Eighty per cent of all the sugar used is granulated sugar.

Senator SHEPPARD. That is all I care to ask you.

Senator CAPPER. I saw an advertisement the other day that Sears, Roebuck & Co. were offering the best granulated sugar for 9 cents a pound. Where do you suppose they got their sugar?

Mr. SIOUSSA. I tell you where they may have bought it. I saw where the Government seized 200,000 pounds of sugar out in Chicago from a man who was profiteering. He charged 10 cents. The sugar was sold, and Sears, Roebuck & Co. may have bought it. One man in Philadelphia bought 500,000 cases of canned goods and sold it at an advance. Sears & Roebuck may have bought that sugar somewhere else. You know what they are. They sell anything from a house to a hot stove. I am only speaking of what I know to be a fact. They do certain things at certain times.

Senator SHEPPARD. That is a pretty good advertisement right now as to sugar.

Mr. SIOUSSA. Yes, sir. Senator, I know it to be a fact that before this war commenced if our grocers here got a quarter of a cent a pound—now, mind you, that was for hauling the sugar from the depot and selling it—that was good. The retailer has got to weigh the sugar, wrap it up, and tie it up. We get 40 cents a hundred more for bagged sugar than for boxed sugar. The retailer that buys the sugar which costs him 40 a hundred more than the man across the street and if the man across the street thinks he can save money by weighing it against the other man, he can sell it that much cheaper.

Senator SHEPPARD. That is all.

Mr. SIOUSSA. Do you want a list of those to whom we sell?

Senator SHEPPARD. Yes; we would like to have that.

(The witness submitted a list of buyers of refined sugar, which was marked "Exhibit A," and is as follows:)

EXHIBIT A.

List of buyers of refined sugar from C. M. Sloussa :

N. W. Burchell, J. T. D. Pyles, J. H. Magruder, Old Dutch Market, B. B. Earnshaw & Bro., Frank Hume, Browning & Middleton, N. H. Shea, Miller-Clagett, J. M. Denty, C. G. Cornwell & Son, J. E. Dyer & Co., J. C. Letts Co., National Wholesale Grocery Co., Liebman Bro., Manogue & Jones, Schnelder Baking Co., Meinberg Bakery Co., Dorsch Bro. Baking Co., S. A. Reeves, H. M. Wagner & Co., M. E. Swing Co., J. H. Wilkins Co., Fussell-Young Co., D. S. Jones, P. K. Chaconas Co., Mazo Bro., Mocco Coffee Co., Lissowitz & Friedlander, Snyder-Miller Co., B. Shapiro, T. A. Rover Co.

STATEMENT OF JOHN R. ERGOOD.

(The witness was duly sworn by Senator Capper.)

Mr. MILLER. Give your name and place of business.

Mr. ERGOOD. John R. Ergood; room 303 Jenifer Building, Seventh and D Streets, NW.

Mr. MILLER. You are a broker handling only canned goods?

Mr. ERGOOD. California products; California canned goods, principally.

Senator SHEPPARD. Only?

Mr. ERGOOD. A very few canned goods sold locally. There are other brokers that handle that stuff. I handle the California canned peaches, apricots, pears, cherries, anything they put into cans. Then I handle dried fruit independent of that. I buy apricots and peaches. That is about all we sell to the eastern market. We handle canned salmon. I have an agency for the Deming & Gould Co. in this market for their products.

Senator SHEPPARD. Are they located in Alaska or Washington?

Mr. ERGOOD. Alaska. Their office is at South Bellingham, Wash. That is their main office. They have an office in Chicago, and their packing establishment is up in Alaska. I think they have 12 or 13 canneries.

Senator SHEPPARD. Why is it that California producers, despite the long freight haul, can compete with people very close to Washington in these canned goods? It looks as if they would not be able to compete?

Mr. ERGOOD. Is that packed around here?

Senator SHEPPARD. Yes.

Mr. ERGOOD. Oh, my dear sir, they have not got the art of packing goods. That is the secret of it.

Senator SHEPPARD. That is what I want to bring out.

Mr. ERGOOD. They pack a peach, a large, white cherry and a red cherry, called the Queen Anne cherry. Then they pack the Bartlett pear, which is raised out there to a great extent, and also the apricot, which you all know they can not raise East—although my father did raise an apricot tree alongside of his house when I was a boy, and he had it trained all around his house, and we had apricots when nobody else had.

Mr. MILLER. Do you handle any of the Del Monte products?

Mr. ERGOOD. No, sir; those are handled by the California Packers Corporation.

Mr. MILLER. It was brought to our attention here that a can of Del Monte jam is selling for 35 cents in one store, and in another

store for 40 cents. Have you any idea why there should be a variation in the price?

Mr. ERGOOD. One may be peach, the other may be plum. Was the particular grade mentioned?

Mr. MILLER. It was the same character of fruit.

Mr. ERGOOD. That I can not understand.

Mr. MILLER. In other words, they probably bought it from a merchandise broker—

Mr. ERGOOD. There is one broker here that handles the Del Mont goods exclusively.

Mr. MILLER. Your business is in getting orders from the wholesalers and retailers?

Mr. ERGOOD. No, sir; I do not handle goods to the retailers. My business is exclusively with the jobbers. I do not sell any goods to any retailer.

Mr. MILLER. What are the expenses of your business and your responsibility in delivery?

Mr. ERGOOD. I have a responsibility in this way, that when the cars are shipped here, some are shipped in straight cars to one buyer, and I am thankful when that is done because I do not have to go down to the depot and stand around those cars and take those goods. If I do not handle them in two days a demurrage charge is assessed and J. R. Ergood has to pay it. Then, if it comes as a straight shipment, it would go direct to you, and I would have no control over it whatsoever. In the pool car I would be a consignee.

Mr. MILLER. Have you any price list at which you sell to your retailers?

Mr. ERGOOD. No, sir; I have not any prices at which I sell to retailers.

Mr. MILLER. I mean, to the wholesalers.

Mr. ERGOOD. To the jobbers?

Mr. MILLER. Yes.

Mr. ERGOOD. I have, but everything is closed up and I can not get anything more. There is nothing to be sold.

Mr. MILLER. Now?

Mr. ERGOOD. Yes; I mean in the peach line. I can not buy the California lemon cling peach for any money, nor the pear, nor the cherry.

Senator SHEPPARD. Why is that?

Mr. ERGOOD. They have sold them. Whether they have exported those goods, I do not know. Here is the way I do the business. I go around in April, May, and June to Jones and ask him how many canned goods he wants this year. I have been selling those goods for four or five years. He wants so many cases. Those goods go in, and they call that subject to an opening price. The factories this year positively would not keep a copy of my orders, but would simply write me that they had placed a memorandum on file, "When the prices are named, by wire, see your buyers at once and get them confirmed," which I do. Of course, I am "Johnny on the spot." I am interested in the deal. This year they have cut me out of the peaches, cut me out of the cherries, and cut me out of the pears.

Senator SHEPPARD. Did that occur this spring before you tried to get any orders?

Mr. ERGOOD. In the last month or two. I wired my orders. They said the foreign countries had taken a great many of these high-priced goods and the East was cut short.

Senator SHEPPARD. Foreign countries?

Mr. ERGOOD. Yes.

Senator SHEPPARD. At higher prices than you could get?

Mr. ERGOOD. They did not state that, but that is the supposition. Naturally you would think that and I would think that, but they did not state so. All I got out of my orders was 11,500 cases of low free peaches. That is all I got out of my business, instead of getting the higher priced goods.

Senator SHEPPARD. What percentage of commission do you get?

Mr. ERGOOD. Two and a half cents. I pay expenses, my wires, and the handling of the goods out of that. When goods are high and it suits me a little better. I naturally feel as though I would like to have goods a little higher in price, but at the same time I am hurting the consumer. When the prices were small my commissions were small. I get the same percentage to-day that I did when it cost less.

Senator SHEPPARD. Your business has fallen off considerably this year!

Mr. ERGOOD. Yes, sir.

Senator SHEPPARD. Do you not think that the failure of your ability to ship in here adds to the high price of canned goods, undoubtedly, because production is curtailed that much?

Mr. ERGOOD. Yes, sir. I have been corresponding with some of the other canners out there, some independent packers, and I received a wire the other day saying, "We can give you about 1,100 cases of the same kind of peaches, yellow free." I told him I did not want those; I wanted the clings. I told my buyers, and they said, "If we can't get them we will have to take the others."

Senator SHEPPARD. What was your volume of business last year?

Mr. ERGOOD. I made, I think, last year, taking all my profits together, \$6,200.

Senator SHEPPARD. You do not remember how many carloads of stuff you handled, approximately?

Mr. ERGOOD. No, sir.

Senator SHEPPARD. I want to get at how much shortage there is this year!

Mr. ERGOOD. You will not be able to tell until next October.

Senator SHEPPARD. I mean, I want to show how much this market is suffering from lack of supply by reason of your inability to get your usual supply.

Mr. ERGOOD. You will not know that until next fall.

Senator SHEPPARD. But you know the shortage is considerable?

Mr. ERGOOD. The shortage is considerable; yes, sir.

Senator SHEPPARD. Do you know about how many carloads of stuff you handled last year?

Mr. ERGOOD. I can give you some idea by looking over it.

Senator SHEPPARD. Approximately.

Mr. ERGOOD. Yes, sir. I must have handled 20 to 25 cars of different grades of goods, salmon and tuna fish. I represent the Vlanding-Packers, of Long Beach, Calif.

Senator SHEPPARD. What do tuna fish bring in this market?

Mr. ERGOOD. Last year?

Senator SHEPPARD. This year.

Mr. ERGOOD. Tuna fish, white tuna, opened at \$15.50 a case, four dozen in a case; \$8.50 for four dozen half pounds, and \$5.50 for four dozen quarters.

Senator SHEPPARD. If people would eat more of that kind of fish would it not be an excellent substitute for steaks?

Mr. ERGOOD. Undoubtedly it would, sir.

Senator SHEPPARD. It is much cheaper per pound, is it not?

Mr. ERGOOD. It would be cheaper; yes, sir.

Senator SHEPPARD. Do you know about what it retails at per pound?

Mr. ERGOOD. In pound cans?

Senator SHEPPARD. Tuna fish; yes.

Mr. ERGOOD. I think last year it retailed for 35 cents a pound can.

Senator SHEPPARD. Has it gone up?

Mr. ERGOOD. It has; \$2.50 a case in advance of last year.

Senator SHEPPARD. Including the price to the retailer, would that make about 40 cents a pound?

Mr. ERGOOD. Yes; I guess it would.

Senator SHEPPARD. How about salmon?

Mr. ERGOOD. I will give you a little idea about last year's salmon.

Senator SHEPPARD. I want to compare last year with this.

Mr. ERGOOD. Last year's red Alaska salmon opened at \$2.25 a dozen pink salmon opened at \$1.65; chum salmon opened at \$1.65. There are 14 dozen in a case. I have a letter here from Deming & Gould Co.—

Senator SHEPPARD. Who is Deming & Gould Co.?

Mr. ERGOOD. The salmon canners I represent. They say:

In regard to salmon pack of reds. While we can not speak more encouragingly than we did in our circular letter of July 21, we can be more specific, as that story is now told.

In the Bristol Bay district the pack is about half of last year. In Herendeau Bay district, where we have two canneries, the pack is practically a failure—just about half of last year's pack, and last year's pack was half of a normal pack. At King Cove there is half a pack and in central and southeaster Alaska likewise half a pack.

This calamitous and unprecedented falling down is incapable of explanation. Deliveries must necessarily be low and prices high.

Pinks and chums: There is no improvement to report in the pack of these grades. The packs of pinks and chums are not yet completed, but we believe we can estimate correctly at this time what our deliveries will be on these grades.

Then it goes on to say what the per cent is.

Our delivery will probably be as follows:

25 per cent	-----	Tall Red
100 per cent, pound	-----	Flat Red
90 per cent, pound	-----	Halves Red
50 per cent	-----	Tall Pink
100 per cent, pound	-----	Flat Pink
100 per cent	-----	Tall Chum

Senator SHEPPARD. What is the retail price of the cheapest can?

Mr. ERGOOD. I see it advertised at 19 cents a can, which contains a pound of fish.

Senator SHEPPARD. That is cheap food?

Mr. ERGOOD. Yes, sir.

Senator SHEPPARD. Is that a wholesome food?

Mr. ERGOOD. Yes, sir; I eat it myself. I like it very often when prices are pretty high. My wife will say, "Bring me home a bunch of lettuce." I take home lettuce and a can of fish and put it in the ice box and when we get short of things we will open up a can of salmon and make a salad.

Here is a little note that I got out of one of the western papers. It is dated San Francisco, August 15:

1919 salmon pack small. Bristol Bay Co. reports many fishing boats quit work. San Francisco, August 15: The 1919 salmon pack in Bristol Bay and the Bering Sea south of the Alaska peninsula and at British Columbia and Puget Sound is the poorest in the company's history officials of the Alaska Packers' Association announced here to-day. Some of the fishing boats have started home in disgust, the company stated. No reason can be given for the small pack. All of the Alaska Packers' boats will be out of the fishing area and homeward bound in two weeks, it was added.

Senator SHEPPARD. That is all, unless you have something to add.

Mr. ERGOOD. I have nothing to add, except as to the prices of dried fruit. I think the people ought to know the conditions of the dried fruit market also.

Senator SHEPPARD. Very well; give us that.

Mr. ERGOOD. Just as I was coming up by my office the mailman brought this in to me. Look at the prices here, please [handing a paper to Senator Sheppard].

Senator SHEPPARD. Are they higher or lower?

Mr. ERGOOD. Higher, my dear sir; they are out of reach.

Senator SHEPPARD. Let me read some of these:

Dried apricots, lot No. 1, 216 box 25 pounds, choice, 34½ cents a pound—

Mr. ERGOOD. That is out there. You have got to pay 90½ cents a hundred freight on those goods. They are agitating now to advance the freight rates.

Senator SHEPPARD (continuing reading):

Fruits, lot No. 4, Santa Clara, f. o. b. San Jose, 60 box 25 pounds, 26½ cents a pound—

Mr. ERGOOD. Think of that!

Senator SHEPPARD. Adding freight, what would that make it here?

Mr. ERGOOD. That would add another cent.

Senator SHEPPARD (continuing reading):

Raisins, unbleached, capstemmed, recleaned, f. o. b. Fresno, 2,400 box 25 pounds, 17½ cents a pound.

Mr. ERGOOD. Those very raisins, let me state right here, could be bought three years ago for from 7 to 9 cents a pound.

Senator SHEPPARD (continuing reading):

Evaporated apples, 24 cents a pound.

Mr. ERGOOD. Two years ago you could buy them for from 10 to 12.

Senator SHEPPARD (continuing reading):

Figs 22 cents a pound.

Mr. ERGOOD. I do not know anything about that.

Senator SHEPPARD. You said that dried apricots, fruits, and raisins are all gone up enormously?

Mr. ERGOOD. Yes, sir; and we can not get them. That fellow is a broker, evidently, and he has got some fellow out there cornering a little fruit.

Senator SHEPPARD. How do you explain that condition?

Mr. ERGOOD. He wants to unload it, probably.

Senator SHEPPARD. But I mean this condition as to all these dried fruits going up?

Mr. ERGOOD. Export shipment and Government purchases.

Senator CAPPER. Do you think it would be a good plan to have an embargo on this fruit until our home people get what they need?

Mr. ERGOOD. Yes, sir; I certainly do, and on a great many other things. I do not believe in starving those people, but I say "Feed America first." If they had not gone over there we would have had plenty of fruit, and I would have had a lot of lemon cling peaches.

I had a letter from the Government that I thought I had with me, and I was going to show it to you, offering a bid on one million and some odd pounds of prunes, wanting me to bid on them. It was a million three hundred and some odd pounds of prunes.

Senator SHEPPARD. I think the Government is turning that food loose now.

Mr. ERGOOD. I know it is; but I have this authentic, and I want to relate to you a little circumstance, if you will allow me to do it.

I had pineapples ordered from the coast, from the Hawaiian Islands, and I have not got them yet. I ordered them for a year ahead for \$3.50 a dozen. I understand the United States Government bought 73,000 cases of Hawaiian pineapples. I do not know whether it was at \$2.50 a dozen or \$3.50, as it runs; that is, standard, extras, and extra standard. Mind you, 73,000 cases. Of course, after the armistice was declared and the goods were in Hawaii ready to ship over, this man told me authentically that he went to the authorities in Washington and found out that the Government had sold them to an export jobber in New York at \$10.80 a dozen. That is, the United States Government did that—\$10.80 to this exporter. This exporter sent them over there and evidently got a price himself. I understand to-day in London pineapples are worth \$1 a can, any grade you can get. That is where our pineapples go. That is what you will have to pay for pineapples. You will have to pay a higher price for them.

I am very much interested in this thing, and I would like to sit here and talk for a long time.

Senator SHEPPARD. You have given us some very interesting evidence.

Senator CAPPER. The committee will adjourn until 2 o'clock to-morrow afternoon, at which time we will hear some retail grocers.

(Whereupon, at 5 o'clock p. m., the committee adjourned until to-morrow, Friday, August 22, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

FRIDAY, AUGUST 22, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE
ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Present also: Mr. Thomas W. Miller.

Chairman BALL. The committee will come to order and we will proceed with the testimony.

Is Mr. Bonamy present?

(No response.)

Is Mr. Cornwell present?

Mr. CORNWELL. Yes, sir.

TESTIMONY OF MR. GEORGE G. CORNWELL.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name, Mr. Cornwell, and your place of business.

Mr. CORNWELL. George G. Cornwell. The firm is G. G. Cornwell & Son (Inc.), 1415 H Street.

Mr. MILLER. When were you incorporated?

Mr. CORNWELL. In the spring of 1911. I can not give you the exact month.

Mr. MILLER. For what figure?

Mr. CORNWELL. \$200,000.

Mr. MILLER. Actual cash paid in?

Mr. CORNWELL. No, sir.

Mr. MILLER. How much is actually paid in?

Mr. CORNWELL. About \$150,000.

Mr. MILLER. Will you give us some data showing your gross sales from the time you were incorporated to the present time, as well as the profits over that period and the cost of doing business?

Mr. CORNWELL. The gentleman that came up to our firm to call a member down here—I told him that Mr. King Cornwell, who is secretary-treasurer and is the financial man of the concern, was out of town, and that I would not be able to submit these figures.

Mr. MILLER. Is there only one man in your concern who can get up figures for us?

Mr. CORNWELL. He has the figures locked up. I would have gotten the auditor, but our auditor has just died, and I did not want to go to work and do something that I did not know anything about.

Mr. MILLER. You have no idea, then?

Mr. CORNWELL. I can tell you roughly; yes, sir.

Mr. MILLER. How far back can you go?

Mr. CORNWELL. I might start in last year and go back from that.

Mr. MILLER. Give the committee, then, in this informal manner the volume of business that you have done, and your profits, as far as you can give them, to the best of your ability.

Mr. CORNWELL. Last year, roughly, it was about \$900,000.

Mr. MILLER. What were the gross profits; that is, for the year 1918?

Mr. CORNWELL. That was from July 1, 1917, to July 1, 1918.

Mr. MILLER. What were the profits on your business?

Mr. CORNWELL. Roughly, \$25,000.

Senator SHEPPARD. Is that net, Mr. Cornwell?

Mr. CORNWELL. No, sir; that is gross—wait a minute; excuse me. I should say that is net.

Mr. MILLER. In other words, you have deducted your income tax.

Mr. CORNWELL. No; the income tax is included in that, I think.

Mr. MILLER. Do you know what you paid as income tax?

Mr. CORNWELL. Roughly, between four and five thousand dollars. I can not tell you just the amount.

Mr. MILLER. Going back to the next fiscal year, give us the figure.

Mr. CORNWELL. I think the year before that was, roughly, between six and seven hundred thousand dollars.

Chairman BALL. That was July, 1916, to July, 1917?

Mr. CORNWELL. Yes, sir.

Mr. MILLER. What were your net profits?

Mr. CORNWELL. The net profits were about \$12,000.

Chairman BALL. Your profits were greater in 1917 than they were in 1918?

Mr. CORNWELL. I have one little explanation to make for that. That was when we had the liquor business, and that fall, before Washington went dry, we sold, I should say, three or four hundred thousand dollars worth of liquor that probably in the ordinary course of events we would not have sold. That is why the volume of business is so big for that year.

Chairman BALL. That increased your profits very materially that year?

Mr. CORNWELL. Yes, sir.

Chairman BALL. Of the \$25,000 profit, what do you suppose was from the liquor?

Mr. CORNWELL. I would be perfectly willing to say half, anyway. I have no way of telling.

Mr. MILLER. Can you go back to the year before that?

Mr. CORNWELL. The year before that, I would say, was, roughly between five and six hundred thousand dollars.

Mr. MILLER. And your net profits?

Mr. CORNWELL. Roughly, I should say about a thousand dollars.

Mr. MILLER. A thousand dollars?

Mr. CORNWELL. Yes, sir.

Mr. MILLER. That was from——

Mr. CORNWELL. 1915 to 1916.

Mr. MILLER. Can you go back any further, Mr. Cornwell?

Mr. CORNWELL. The year before that I should say was, approximately, about the same amount of business—about \$5,000. I am giving you this just from memory now.

Chairman BALL. Why was the profit so small in 1914 and 1915? I mean, July, 1914, to July, 1915, when they were only \$1,000?

Mr. CORNWELL. I do not know why the profit was so small. Of course, in the last couple of years, as you gentlemen appreciate, everything has been gradually going up, and necessarily the profits were less. Things were kind of stagnant. In one sense of the word, there was more a tendency to go down. Everything, whatever you bought, was not worth as much when you sold it as it was when you bought it.

Chairman BALL. Yes; but your profits were \$5,000 the year before and dropped down to \$1,000 that year.

Mr. CORNWELL. No; it was the other way around—\$1,000 in 1916 and \$5,000 the year before that.

Chairman BALL. And then it dropped back?

Mr. CORNWELL. Yes, sir.

Chairman BALL. And then went up again?

Mr. CORNWELL. Yes, sir.

Chairman BALL. Were you in the liquor business only one year?

Mr. CORNWELL. No, sir.

Chairman BALL. All these profits cover the liquor business up until last year?

Mr. CORNWELL. Yes, sir.

Mr. MILLER. Can you go back any farther?

Chairman BALL. That will be far enough.

Mr. MILLER. The Senator says that is far enough on that point.

Are you able to tell the committee anything as to your cost of operation over these years?

Mr. CORNWELL. I can not give you the gross profits. I can say, roughly, the cost of doing business was between 18 and 19 per cent up until very nearly this last year, the \$900,000 year, and then it dropped to about 5 per cent below that.

Chairman BALL. When will your bookkeeper be home?

Mr. CORNWELL. About the 1st of the month, I expect him. But I told him—the gentleman who called at the establishment—that I would be very glad to make out a statement and swear to it and have it submitted to the committee.

Mr. MILLER. That would be better than to have you give rough figures here.

What class of merchandise do you handle?

Mr. CORNWELL. You mean the type of groceries?

Mr. MILLER. Yes.

Mr. CORNWELL. Everything in the grocery line, very nearly. We also have a pastry business, a candy business, delicatessen, perfumes, toilet soaps, besides the general run of every-day groceries.

Mr. MILLER. Do you do a cash or credit business?

Mr. CORNWELL. Credit.

Mr. MILLER. Is your cash business very large? What proportion?

Mr. CORNWELL. I should say, offhand, the cash business might be

\$400 or \$500 a day. Of course, at this time of year our cash business is a great deal larger than our charge business. In the winter time it would be the opposite way.

Chairman BALL. What was your percentage of loss from your credit business due to bad accounts, for instance?

Mr. CORNWELL. I can not tell you. I do not think they have ever been very big.

Chairman BALL. It is a minor consideration?

Mr. CORNWELL. Yes.

Chairman BALL. What percentage do you figure on for increase over your cost price—your selling price?

Mr. CORNWELL. Well, that varies according to different conditions. Roughly, as to canned goods, between 30 and 33 per cent. On an item like flour, of course last year and the year before last we were under the Food Administration percentages, and this year we are going a little bit higher than that percentage. The highest margin they had was \$1.60 a barrel.

Chairman BALL. You know the percentage of profit on all the different things?

Mr. CORNWELL. It varies according to the different items. It runs from 15 or 22 per cent to 33 per cent. On some items it might be 33 per cent, but not so large in the grocery line.

Chairman BALL. How do you draw the line there—because some things are perishable?

Mr. CORNWELL. Yes, sir. Take eggs, canned goods, and things like that, the percentage of loss is higher than a staple article. I would say canned goods was about as high as any staple item.

Chairman BALL. About 33 per cent?

Mr. CORNWELL. Yes, sir. I should say it runs down to 25 or 20.

Senator CAPPER. How about sugar?

Mr. CORNWELL. The margin on sugar is 1½ cents. That is the margin we are selling on now—I mean, that is the fair price per pound.

Senator CAPPER. What percentage is that?

Mr. CORNWELL. About 10 per cent.

Chairman BALL. Is not 33 per cent a pretty good profit on canned goods?

Mr. CORNWELL. The Food Administration's figure was 30. You have to carry canned goods for a whole year, and while usually the packer makes good for a certain length of time for the "swells" and bad cans, it is your loss after that.

Chairman BALL. What percentage of loss do you have on canned goods, do you suppose? Take the average.

Mr. CORNWELL. One to 1½ per cent. Some of the packers allow you one-half per cent for swells. Instead of having to return the bad goods they allow you one-half per cent, and then you have to deduct whatever loss there is.

Mr. MILLER. From whom do you buy your merchandise, Mr. Cornwell?

Mr. CORNWELL. We buy it all over.

Mr. MILLER. Do you buy any of it from N. A. Shea?

Mr. CORNWELL. No, sir; the only goods we buy in Washington are what we just happen to run out of.

I would like to say that we do both a wholesale and a retail business. We are probably the only concern in Washington of that class.

Mr. MILLER. Since you have mentioned that subject, what proportion of your trade is retail?

Mr. CORNWELL. This time of year it is probably half and half. In the wintertime it would probably be one-third wholesale and two-thirds retail.

Mr. MILLER. Have you ever bought any goods from Mr. Shea—have you bought any recently?

Mr. CORNWELL. I can not tell you right offhand. I think we have.

Mr. MILLER. I will say for your information that they have you down on their list of customers.

Do you buy from Frank Hume (Inc.)?

Mr. CORNWELL. From pretty nearly all of them; the things we run out of—

Mr. MILLER. Do not elaborate. I will ask you some questions in a moment to bring that out. They are also on the list of customers.

Do you buy from Liebman Bros.?

Mr. CORNWELL. Yes, sir.

Mr. MILLER. Can you give the committee the prices at which you sell standard articles, like corn and tomatoes and beans? Have you any figures with you?

Mr. CORNWELL. Yes, sir.

Mr. MILLER. Have you bought any standard No. 2 canned corn lately?

Mr. CORNWELL. Not since about a year ago this coming September.

Mr. MILLER. Have you bought any tomatoes recently?

Mr. CORNWELL. No, sir.

Mr. MILLER. Have you bought any salmon recently?

Mr. CORNWELL. I think we have, but I can not tell you definitely. What I am trying to get at is that we usually buy stuff like that once a year, and what we are buying now is just to piece out until the new crop of salmon comes in.

Mr. MILLER. Tell the committee what you have bought recently from any of the three concerns that I have named.

Mr. CORNWELL. That will be kind of hard. The last bill I have seen from Liebman was for Cliquot ginger ale. That hasn't anything to do with groceries. I can not tell you what the last bill was or what the stuff was.

Mr. MILLER. I will ask you another line of questions, then. What do you sell your standard No. 2 corn for to the retail trade?

Mr. CORNWELL. We are now selling retail corn at \$1.60; that cheap corn.

Mr. MILLER. A dozen?

Mr. CORNWELL. Yes, sir.

Mr. MILLER. What can you buy that for?

Mr. CORNWELL. I suppose about \$1.30 or \$1.35. We paid \$1.71 for it.

Mr. MILLER. For what you are now selling for \$1.60?

Mr. CORNWELL. Yes, sir.

Mr. MILLER. Why do you do that?

Mr. CORNWELL. Because the market is down. The market on corn went down as low as \$1.10. Now it has gone back up again.

Mr. MILLER. What have you been selling tomatoes to the public for?

Mr. CORNWELL. \$2.40.

Mr. MILLER. Is that a dozen?

Mr. CORNWELL. Yes, sir.

Mr. MILLER. What size?

Mr. CORNWELL. They are supposed to be threes, hand-packed tomatoes.

Mr. MILLER. How much?

Mr. CORNWELL. \$2.40.

Mr. MILLER. What did you buy for?

Mr. CORNWELL. \$2.17.

Mr. MILLER. They were not bought from any of the firms I have named?

Mr. CORNWELL. No, sir; from the packers.

Mr. MILLER. The figures that the committee has before it on those articles we have just mentioned show that they are sold by anyone of these three Washington dealers for a lower price than you have paid for them.

Mr. CORNWELL. Yes, sir; tomatoes are off from what we paid for them.

Mr. MILLER. Then you can not give the committee the names and prices of any commodities that you have bought from these three concerns in Washington this year, so that we can compare certain prices?

Mr. CORNWELL. No, sir; not without looking up the records.

Mr. MILLER. Who is familiar with that angle of your business?

Mr. CORNWELL. I do not think anybody is familiar enough to answer questions that way unless they went back and got the detailed information that you desire.

Mr. MILLER. I thought if you were doing any business of any size you might be able to carry them in your mind.

I have no more questions to bring out by this witness if he has no more figures to present.

Senator CAPPER. What, roughly speaking, was your volume of business for the year on July 1 this year?

Mr. CORNWELL. We have not made our figures up yet. Our auditor has just died, and the figures have not been made up. They are supposed to be finished by the 1st of the month for the Internal Revenue Department, but so far they have not been finished.

Senator CAPPER. Can you give them approximately or roughly?

Mr. CORNWELL. At a guess I would say they were less than last year. I do not know exactly how many thousands, but I would guess probably a couple.

Senator CAPPER. Can you tell us, roughly speaking, what your profits probably were for this past year?

Mr. CORNWELL. I do not think they are going to be very high, although I do not know.

Senator CAPPER. What is that?

Mr. CORNWELL. They are not going to be very high.

Senator CAPPER. Not as much as they were the year before?

Mr. CORNWELL. No, sir.

Senator CAPPER. How do you account for that?

Mr. CORNWELL. Wages and everything are higher for one thing—expense of doing business. I do not think goods have changed very much since the Food Administration went out of business. They

went down, and now they are going back a little, but they are not back to where they were.

Senator CAPPER. This last year there have been more complaints than ever before about the high cost of living. How do you account for that? How do you explain that? Who is to blame?

Mr. CORNWELL. May I read you a couple of figures that I have seen on items some of which are on the Food Administration's fair-price list?

Sugar cost us in 1914, 6.695 cents. It now costs us 9.21 cents.

Flour cost us \$6.75 to \$6.90. It is now costing us \$12.64.

Corn meal cost us 2 cents. Now it is costing us 4.6, roughly, to-day.

Rice cost us 5.75. It is costing us to-day 13.50.

Rollod oats cost us about \$3.50 a case, and is now costing us \$5.25.

Butter, 35 cents; now costing 60 cents.

Lard cost us 11 to 12½ cents, and is now costing us 32½ cents.

Chairman BALL. That is in 1915 and 1914?

Mr. CORNWELL. That is December, 1914, and the figures to-day.

Bacon, 24 cents in 1914; 48 now.

Ham, 21 cents; now 43 cents.

Mr. MILLER. May I interrupt you there to suggest that at the same time you give the committee the price at which you sell to the retailer.

Mr. CORNWELL. I can give you that. I tried to look up the records of what we sold them for before, but I could not get hold of the books. The figures have been put away.

Mr. MILLER. It is very interesting to know what you sell to the retailers for. We are very much interested in that as well as what is paid for the articles.

Mr. CORNWELL. To go back—

Mr. MILLER. No; just finish your list.

Mr. CORNWELL. Eggs. We sell nothing but hennerly eggs. In 1914 they cost 69 to 70 cents, and we are selling them to-day for 80 cents.

These cost us 17 cents in 1914, and now cost us 33 cents. We sell them for 48 cents.

Tomatoes, 3-pound cans, of the same identical brand, cost us in 1914, 51½ cents, and they cost us last year \$2.17. We are selling them for \$2.40.

Maine corn cost us 95½ cents in 1914, and is now costing us \$2.12. We are selling it for \$3.

Maryland corn, 76½ cents last year. Now, \$1.71, and we are selling it for \$1.60.

Peas cost us in 1914 \$1.60 to \$1.68. The same grade cost us to-day \$1.4, and we are selling for \$3.25.

Coffee, green, cost us in 1914, 13½ cents. It is now costing us 29 to 30 cents. Roasted, it would be 36 cents, and we are selling it for 50.

Potatoes cost us \$2.15 a bag; now \$6.50.

Chairman BALL. What are you selling potatoes for?

Mr. CORNWELL. Ninety cents. We pay 65 cents a peck and sell for 90 cents.

Mr. MILLER. Give us the price that you sell them for to the public.
Chairman BALL. He gave that.

Mr. MILLER. Did you go back over the list?

Mr. CORNWELL. The other part?

Mr. MILLER. Yes.

Mr. CORNWELL. I will go back to that.

Sugar costs us 9.21, and we are selling it at 11 cents.

Flour is \$15.20 a barrel.

Corn meal costs us 4.6 and sells for 6—

Mr. MILLER. The average layman does not always understand just what you mean when you say you sell for 11 cents, for instance—

Mr. CORNWELL. The first is 11 cents a pound. Flour is \$15.20. That is the barrel price. Six cents is by the pound on corn meal. costs 4.6.

Rice costs us 13½ cents, what we have in the house, and I saw a barrel for something over 14. We are selling it for 18 cents.

Rolled oats cost 5.25 and sells for 6—

Mr. MILLER. In what quantity? The average layman does not always understand those figures.

Mr. CORNWELL. 5.25 a pound. We sell for 6 cents a pound.

Butter costs 60 cents for the butter and 2 cents a pound for the box, which makes it cost us practically 62 cents a pound. We are selling it for 70 cents. The box used to be thrown in with the butter, but we now pay for the box.

Lard cost 37½ cents, and we sell it for 48.

Mr. MILLER. A pound?

Mr. CORNWELL. Yes, sir.

Chairman BALL. This is all pounds?

Mr. CORNWELL. This is all pounds. I figured it out in pounds.

Bacon cost 48, and sells for 58.

Ham cost 43 and sells for 53. Those hams are canvassed hams and they are probably a little bit higher standard than the ordinary ham that the grocery store man would go to the market and buy and sell from day to day.

Eggs—I have given those before.

Chairman BALL. You do not think your treasurer or bookkeeper will be home before the 1st of September?

Mr. CORNWELL. I told the gentleman when he came to see us that if you people wanted him down here I would send for him and have him come back and get up the figures, but he said he did not think it was necessary.

Mr. MILLER. Do you find that the packages and containers for various standard articles are smaller than they were in previous years?

Mr. CORNWELL. Some of them are; some are not.

Mr. MILLER. They are selling, of course, at an increased price, but the system of measuring the containers or packages results in making them smaller?

Mr. CORNWELL. Yes, sir.

Mr. MILLER. How about your delivery service? You, of course, have to have a delivery service for your retail trade?

Mr. CORNWELL. Yes, sir.

Mr. MILLER. How much of your trade would you lose if you did not maintain that delivery service?

Mr. CORNWELL. I should say the best part of our trade.

Mr. MILLER. Are you prepared to say how much it costs you?

Mr. CORNWELL. The delivery service?

Mr. MILLER. Yes.

Mr. CORNWELL. No, sir; I am not.

Mr. MILLER. That is all.

Senator CAPPER. What part of your business comes over the telephone?

Mr. CORNWELL. I should say the telephone business is about four or five hundred dollars a day, probably.

Senator CAPPER. About what percentage would that probably be of your total business?

Mr. CORNWELL. It might be a quarter in the wintertime. Of course, now it does not run anything like that.

I have some figures here that would be interesting to you gentlemen. Here is the last catalogue we got out in 1915. There are all kinds of retail prices in that.

Senator CAPPER. How often do you get catalogues out?

Mr. CORNWELL. We have not gotten them out since, because prices changed so fast that it was not worth while to get out a book.

TESTIMONY OF MR. C. G. BONAMY.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your name and your place of doing business and state your firm name.

Mr. BONAMY. My firm name? I only got this business about four months ago.

Mr. MILLER. Give us the information asked for, the name of your firm, your location, and so on.

Mr. BONAMY. My name is C. G. Bonamy; 901 H Street NW.

Mr. MILLER. What character of firm are you, an incorporation or partnership or what?

Mr. BONAMY. No, sir; only myself.

Mr. MILLER. In what do you deal?

Mr. BONAMY. Groceries.

Mr. MILLER. What else?

Mr. BONAMY. Meat.

Mr. MILLER. Anything else?

Mr. BONAMY. Fruit; some fruit.

Mr. MILLER. Where do you get your groceries?

Mr. BONAMY. We get groceries from James M. Denty, Miller, Snyder & Co., Mazo Bros., and Armour.

Mr. MILLER. Do you buy any from any of the Washington wholesale houses?

Mr. BONAMY. From the Washington wholesale houses?

Mr. MILLER. Yes.

Mr. BONAMY. Those are Washington wholesale houses.

Mr. MILLER. Do you get any from Frank Hume (Inc.)?

Mr. BONAMY. Sometimes I buy from Frank Hume; yes.

Mr. MILLER. Very recently?

Mr. BONAMY. Not many; I do not buy many from him.

Mr. MILLER. What have you bought from Mr. Hume's firm in the last month?

Mr. BONAMY. In the last month? I have not been buying over two months.

Mr. MILLER. Have you any figures with you showing the committee how much business you have done and how much you have made your business?

Mr. BONAMY. I am in business for myself. I bought this business from my brother. My brother owned the place. I bought him out four months ago.

Mr. MILLER. Were you connected with the business when your brother was operating it?

Mr. BONAMY. Yes, sir; I was connected with the business before my brother sold it to me.

Mr. MILLER. In what capacity?

Mr. BONAMY. I became partner with my brother since December 1918. I stayed with him until about April 1. He sold out to me and I got the place.

Mr. MILLER. In other words, you were not in this business, you and your brother, before December, 1918?

Mr. BONAMY. Yes; December.

Mr. MILLER. Before December, 1918, were you in this business? Were you in the grocery business before last December?

Mr. BONAMY. No, sir; not before last December.

Mr. MILLER. In other words, the only information you can give about the grocery business is your experience in it since last December?

Mr. BONAMY. That is all the time I have been in the grocery business.

Mr. MILLER. Can you tell the committee how much business you have done since you and your brother went into business last December? Have you any figures or any data that you have brought on paper?

Mr. BONAMY. No, sir; I did not figure it on paper. I will tell you from my mind.

It costs me about \$10 a day, over \$10 for expenses.

Mr. MILLER. Can you give the committee the prices you pay for your staple groceries and what you sell them to the public for?

Mr. BONAMY. Yes. First, sugar—

Mr. MILLER. Call off to the committee as quickly as possible the prices of certain staple groceries, what you pay for them, and what you sell them to the public for.

Mr. BONAMY. I pay for sugar 9.80 and sell it for 11 cents. I buy eggs for 53 cents and sell them for 60 cents. I buy butter for 60 cents and sell it for 68 cents.

Chairman BALL. Where do you get your eggs?

Mr. BONAMY. I get some from Oyster.

Chairman BALL. For 53 cents?

Mr. BONAMY. Yes, sir. I sell them for 60. Butter I get from him too, at 60 and sell it for 68 cents. The meat I buy from Armour and Swift. They charge me for a hindquarter 33 cents, and I sell for 55, 50, and 40 cents.

Mr. MILLER. What is the average price you get for each pound of beef out of that quarter?

Mr. BONAMY. How many pounds?

Mr. MILLER. What was the average price you got per pound for the beef out of that quarter?

Mr. BONAMY. I did not make up a statement about that.

Mr. MILLER. Never mind, then; proceed to give the committee some more of your figures.

Mr. BONAMY. Tomatoes I sell for 10 cents a can and 13 cents or two for a quarter; 18 cents for a larger can. Corn, 18 cents and 25 cents.

Mr. MILLER. How about flour? You have not mentioned that yet.

Mr. BONAMY. Flour I pay \$13.70 for and sell a 6-pound sack for 50 cents.

Mr. MILLER. How about corn meal?

Mr. BONAMY. Corn meal I sell for 6 cents—

Mr. MILLER. Give the price that you pay per pound and what you sell it for, please.

Mr. BONAMY. I buy it for 4.5 cents and sell it for 6 cents.

Mr. MILLER. Lima beans. Give what you buy them for and what you sell them for.

Mr. BONAMY. I am telling you the truth, now. Lima beans in cans—when I bought the place the cans were in the place. I do not know how much my brother paid for them, but I sell them for 15, 20, and 25, a large can of Lima beans. The dry Lima beans sell for 14 cents a pound.

Mr. MILLER. How about sardines?

Mr. BONAMY. Ten cents. I have none over 10 cents.

Mr. MILLER. What do you buy them for and what do you sell them for?

Mr. BONAMY. I buy them for \$7 and sell them for 10 cents a can.

Mr. MILLER. You mean \$7 a hundred cans?

Mr. BONAMY. Yes, sir.

Mr. MILLER. What about cereals? Shredded Wheat, Corn Flakes, etc.?

Mr. BONAMY. Shredded Wheat, 15 cents. I pay for Shredded Wheat \$4.30. I just bought some from Shea for \$4.25—between \$4.25 and \$4.30 a case. I sell them for 14 cents.

Mr. MILLER. How many boxes in a case?

Mr. BONAMY. Three dozen.

Mr. MILLER. Corn Flakes?

Mr. BONAMY. \$3.80 a case.

Mr. MILLER. I want you to tell us what you buy them for and what you sell them for.

Mr. BONAMY. I know. Shredded Wheat I am telling you about. I paid \$4.25, three dozen in the case, and sell them for 14 cents.

Mr. MILLER. Now, Corn Flakes?

Mr. BONAMY. I sell them the same thing, and Post Toasties the same thing. Oatmeal, 12 cents.

Mr. MILLER. Cream of Wheat?

Mr. BONAMY. Twenty-five cents.

Mr. MILLER. I will have to go back over it again. What do you buy it for and what do you sell it for?

Mr. BONAMY. Post Toasties I buy for \$3.70 and Corn Flakes \$3.80.

Mr. MILLER. What do you sell them for?

Mr. BONAMY. Fourteen cents.

Senator SHEPPARD. He did not state what he bought oatmeal for.

Mr. MILLER. Go back again, and state what you bought oatmeal for and what you bought cream of wheat for, what you sell oatmeal for, and what you sell cream of wheat for.

Mr. BONAMY. Cream of wheat, 25 cents, I sell it. I pay \$2.40 per dozen. Is that right?

Mr. MILLER. Now, oatmeal?

Mr. BONAMY. Oatmeal, I pay \$3.40 and sell it for 12 cents.

Senator SHEPPARD. Per what?

Mr. BONAMY. By the case; three dozen in the case. I sell it for 12 cents; that is the regular size. Corn Flakes I will buy for \$3.80 and sell for 14 cents.

Senator SHEPPARD. I got that, all right.

Mr. MILLER. Do you maintain a delivery service?

Mr. BONAMY. Yes; I have got to deliver sometimes; not all the time.

Mr. MILLER. How much of your business is dependent on your delivery service?

Mr. BONAMY. I do not deliver much. I have a delivery boy. I deliver goods by him; but sometimes I have not got him. The boy quit.

Mr. MILLER. If you did not have your delivery service would you lose some of your trade?

Mr. BONAMY. Yes; of course, I lose some.

Mr. MILLER. I have no more questions, Senators.

Chairman BALL. You are not paying any more for your stuff now than you were three months ago, are you?

Mr. BONAMY. Some of it. I paid for sugar more; I paid more for shredded wheat, and I paid more for rice—

Chairman BALL. Why are you charging more for all the things now than you did three or four months ago, when you are only paying more for a few things?

Mr. BONAMY. Why do I charge more?

Chairman BALL. You are charging more than you were?

Mr. BONAMY. I sell some of them the same price I sold them for months ago. I did not want to raise the price on my customers. I paid in one case 25 cents more, but I did not raise the price.

TESTIMONY OF HARRY GELFAND.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Gelfand, will you give your full name, the name of your firm, and the place of doing business?

Chairman BALL. Let us try in this evidence to get concrete questions and answers so that we will have something easily understood.

Mr. GELFAND. My full name is Harry Gelfand; located at 3351 and 3353 M Street NW.

Mr. MILLER. What is the name of the firm?

Mr. GELFAND. The Eagle Meat Market.

Mr. MILLER. Is it incorporated?

Mr. GELFAND. No, sir. I want to tell you something. I have just sold out about a week ago. I am not connected any more with that firm; but the gentleman that came to me told me you wanted some

information about it for the last three or four months, and I will tell you all I know since I have been in the business.

Mr. MILLER. Very well. How long were you operating as the Eagle Meat Market?

Mr. GELFAND. For five years.

Mr. MILLER. Did you own it then, or how were you connected with it?

Mr. GELFAND. For the first three years I have been with the department, and after that I was left by myself with the business.

Mr. MILLER. Can you give the committee the total volume of sales for 1914 to 1918, inclusive?

Mr. GELFAND. I can not give you exactly the figures, but I can tell you more or less.

Mr. MILLER. Have you any figures with you, or is this all out of your head?

Mr. GELFAND. I have no figures with me. All I can tell you is as much as I recall.

Chairman BALL. I do not think evidence of that kind, when he does not testify exactly, is worth while putting in the record. It only fills up the record without doing a great deal of good. Unless you can give exact—

Mr. GELFAND. No; not exactly.

Chairman BALL (continuing). Exact figures that you are swearing to, we do not want it.

Mr. GELFAND. We have never had any bookkeeper there because the business was too small.

Chairman BALL. You can give us some evidence along the line of prices, can you not?

Mr. GELFAND. Yes, sir.

Chairman BALL. And tell us why prices have advanced in your line of business for the last three or four months?

Mr. GELFAND. Yes, sir.

Chairman BALL. That is the kind of evidence we want.

Mr. GELFAND. I can tell you that much, but I don't know the reason why.

Mr. MILLER. Does the committee want him to be asked about specific commodities here, or just let him tell us.

Chairman BALL. He is out of the firm, as I understand it, and has got anything to do with it.

Mr. MILLER. He only got out last week. He probably knows more about it than anybody else connected with the firm.

Chairman BALL. You can give us the percentage of profits of last year and the year before. Further than that I do not think it is necessary.

Mr. MILLER. Do you want me to ask him how much he paid for certain articles and what he sold them for?

Chairman BALL. Yes.

Mr. MILLER. In giving this information, will you please, when I call out the article, say "I paid so much for it and sold it for so much," and if it is pounds or quarts, or whatever it is, give it to us?

Mr. GELFAND. Yes, sir.

Mr. MILLER. Lima beans?

Mr. GELFAND. We bought them for 12½ and sold them for 15 cents a pound.

Mr. MILLER. Sugar?

Mr. GELFAND. We have paid 9 cents a pound for loose sugar. comes loose in packages. The packages cost us a cent more. V paid 9 cents and sold it for 10. If we paid 10 cents, we sold it f 11 cents a pound.

Mr. MILLER. Peas?

Mr. GELFAND. \$1.40 a dozen. That would be sold for \$1.80 at cents a can.

Mr. MILLER. Can you tell us what grade they were, the ear June sifted?

Mr. GELFAND. Early June peas.

Mr. MILLER. Tomatoes?

Mr. GELFAND. I got stuck on tomatoes lately. I paid for tomato \$2.15 a dozen and I sold them for \$1.80, because they went down.

Mr. MILLER. Corn?

Mr. GELFAND. Approximately the same as peas. It cost abo \$1.40 or \$1.35 and sold for \$1.80. That is for a dozen.

Mr. MILLER. Sardines?

Mr. GELFAND. We pay \$6.25 a hundred, and we sell them f 7 and 7½.

Mr. MILLER. Corn meal?

Mr. GELFAND. Corn meal, we paid 4½ cents a pound for and sold for 5½, sometimes 6 by the pound. There is about a cent profit c corn meal.

Mr. MILLER. Run through the cereals for us.

Mr. GELFAND. Shredded wheat costs us about 12½ cents. We se it for 15. Quaker Oats stands us a little over 10 cents a packag and we sell it for 12 cents. Post Toasties, Corn Flakes, stand us 1 cents and we sell it for 12½.

Mr. MILLER. Oatmeal and shredded wheat?

Mr. GELFAND. That is what I said.

Mr. MILLER. Oatmeal and Cream of Wheat?

Mr. GELFAND. Cream of Wheat stands us about 21 cents and v sell it for 25.

Mr. MILLER. Did you give the others?

Mr. GELFAND. I guess I gave them all.

Mr. MILLER. Salmon?

Mr. GELFAND. We have some salmon that cost us about 20 cents can, and we get 24 and 25 cents for some grades.

Mr. MILLER. Salt?

Mr. GELFAND. Salt cost us about 4½ cents a bag and we sell it 5 cents.

Mr. MILLER. Sirup?

Mr. GELFAND. Sirup cost us 12½ cents a can and we sell it for 1 cents.

Mr. MILLER. Beans?

Mr. GELFAND. Beans cost us about 10 cents and we sell them no for 12½.

Mr. MILLER. Rice?

Mr. GELFAND. Rice has been changing lately, and whenever t market changes and we pay more we sell it for more. Recently v sold rice for 15 where it cost me about 12½.

Mr. MILLER. Flour?

Mr. GELFAND. Flour cost us about 74 or 75 cents, and we sell it for 85; that is, a 12-pound bag.

Mr. MILLER. That is all I have to ask.

Senator SHEPPARD. What did you have invested in your business last year—how much money?

Mr. GELFAND. I had invested about between three and four thousand dollars.

Senator SHEPPARD. What did you make last year?

Mr. GELFAND. What I cleared or what I made?

Senator SHEPPARD. What you cleared.

Mr. GELFAND. About \$2,500.

Senator CAPPER. Is that the best year you ever had?

Mr. GELFAND. Yes, sir.

Chairman BALL. You say you had about \$4,000 invested?

Mr. GELFAND. Yes, sir.

Chairman BALL. You have just sold your business?

Mr. GELFAND. Yes, sir.

Chairman BALL. For \$4,000?

Mr. GELFAND. I did not get any \$4,000. I did not buy any stock lately. I sold for \$3,500.

Chairman BALL. That is because your stock had run down?

Mr. GELFAND. Yes, sir.

Chairman BALL. Do you think the prices of retail materials, such as you have been dealing in, have advanced very much in the last six months in price?

Mr. GELFAND. Some of them did. Some of them are still on the same basis.

Chairman BALL. Have the prices that you have had to pay for those articles advanced?

Mr. GELFAND. Whenever it advanced, of course we charged more when we sold it.

Chairman BALL. You did not advance your prices unless the price you had to pay advanced?

Mr. GELFAND. No, sir.

Chairman BALL. That has been your usual custom, has it?

Mr. GELFAND. Uniform custom; yes, sir.

Senator SHEPPARD. What was your turnover last year? Do you remember the volume of business you did, approximately?

Mr. GELFAND. We do about \$750 to \$800 a week business.

Senator SHEPPARD. That is about \$40,000 a year—between \$40,000 and \$50,000?

Mr. GELFAND. Yes, sir.

TESTIMONY OF C. HARTSON.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you give your full name, the name of your firm, and the place of doing business?

Mr. HARTSON. C. Hartson; manager of J. A. Bresnahan Co., Twentieth and N Streets NW. I am manager for the John A. Bresnahan Co. That company is not incorporated. It is owned by Mrs. Pauline H. Bresnahan, doing business under her husband's name.

Mr. MILLER. At what location?

Mr. HARTSON. Twentieth and N Streets NW.

Mr. MILLER. What do you deal in?

Mr. HARTSON. Groceries and a few fruits and vegetables.

Mr. MILLER. Any eggs?

Mr. HARTSON. Eggs and butter.

Mr. MILLER. Have you any figures with you showing your volume of business?

Mr. HARTSON. Mrs. Bresnahan has been on her vacation, and the only figures I have are what business we did last year.

Mr. MILLER. Can you give your profits, too, and the cost of operating?

Mr. HARTSON. Yes, sir. Net profits. She did \$55,681.03 worth of business. The first cost of her goods was \$40,500.68. Salaries and rents, bad debts, and repairs, made her a net profit of \$3,962.78.

Chairman BALL. That is after your taxes are all paid, the internal revenue tax?

Mr. HARTSON. No, sir. I did not include the tax, but all other bills.

Senator SHEPPARD. The tax would have to be deducted from \$3,900.

Mr. HARTSON. There is one item in here—interest on borrowed money, \$100. That is deducted.

Mr. MILLER. That was for the year 1918?

Mr. HARTSON. The previous year the money was borrowed.

Mr. MILLER. You have no figure going back of that?

Mr. HARTSON. No, sir. I was not then in her employ.

Mr. MILLER. Are you prepared to give the committee the prices you paid for staple groceries and what you sell them to the customers for?

Mr. HARTSON. Yes, sir.

Mr. MILLER. As I call them off, please answer and be sure to give the fact whether it is per pound or per package or what.

Mr. HARTSON. Yes, sir.

Mr. MILLER. Lima beans.

Mr. HARTSON. We do not handle dried limas.

Mr. MILLER. Sugar?

Mr. HARTSON. Sugar cost \$9.90 in packages, that is, in 2- and 4-pound cartons; I think it is \$9.25 in bulk. We sell it for 11 cents.

Mr. MILLER. Peas?

Mr. HARTSON. We have no peas, no standard peas in stock. We have no peas that she paid less than \$2.25 for—from \$2.25 to \$2.60. We get 22, 25, and 30.

Mr. MILLER. Please tell the committee, when you say what you buy them for, whether it is a case and how much are in it. This testimony is for laymen, you understand.

Mr. HARTSON. Yes, sir. We paid from \$2.25 to \$2.60 per dozen for the peas and we sell them at 22 cents a can, 25 cents a can, and 30 cents a can. Then we also have another grade of peas in a little bit smaller can, a No. 1 can, which we sell for 18 cents.

Mr. MILLER. Now, tomatoes?

Mr. HARTSON. Tomatoes, No. 2's, cost \$1.50 and we sell them for 15 cents. We have one grade of fancy hand-packed tomatoes that cost about \$1.675 that we sell for 18 cents.

Mr. MILLER. Corn?

Mr. HARTSON. The cheapest corn we have cost \$2.20 and we sell it for 25 and 30 cents.

Mr. MILLER. You have no corn cheaper than \$2.20 per dozen?

Mr. HARTSON. No, sir; no standard corn.

Mr. MILLER. Some of the dealers here in Washington have corn grown out in Maryland and packed, and sold as low as \$1.50 to \$1.60.

Mr. HARTSON. I know. I had some tomatoes come in to-day, No. 3s, that will be cheaper because the market is off on them.

Mr. MILLER. Now, continuing. Sardines?

Mr. HARTSON. They cost us 18 cents. They are in olive oil. We have no sardines in cottonseed oil. We sell them for 25. We have some that cost 27½ or 28 cents that we sell for 40 cents. Most of these prices have freight added from New York, these fancy goods, and also cartage charges.

Senator SHEPPARD. Where do you get your sardines packed in olive oil?

Mr. HARTSON. New York.

Senator SHEPPARD. Do you know where they come from?

Mr. HARTSON. Seaman Bros., Austin & Nichols—

Senator SHEPPARD. Do you know where they are packed?

Mr. HARTSON. The last sardines? Those are from California packed in pure olive oil.

Mr. MILLER. Salmon?

Mr. HARTSON. Half-pound tins cost \$2.35, and we sell them for 25 cents. The No. 1 tins cost \$3.90 and we sell them for 50 cents a can.

Mr. MILLER. \$2.10 profit on each dozen?

Mr. HARTSON. The \$2.30 grade sell for 25 cents per can, and the \$3.90 sell for 50 cents. I had a case come in to-day. They shipped one case of salmon that was delayed when they shipped the regular order. There was 58 cents freight on that one case of salmon. That adds to cost.

Mr. MILLER. I am glad you brought that out. Corn meal?

Mr. HARTSON. Corn meal cost 4½ cents, and we sell it for 6 cents.

Mr. MILLER. Run through the cereals.

Mr. HARTSON. Cream of Wheat cost \$7.50 a case for 3 dozen, and we sell them for 25 cents. Post Toasties cost \$1.80, and we sell it for 20 cents. Shredded Wheat cost \$4.25 for 32 packages and we sell it for 13 cents a package. Kellogg's Corn Flakes cost \$4.10, and we sell them for 15 cents a package.

Mr. MILLER. How many are in that case you pay \$4.10 for?

Mr. HARTSON. Thirty-six packages.

Mr. MILLER. Be sure to give that, please.

Are there any other cereals you have not mentioned—oatmeal?

Mr. HARTSON. Quaker Oats in packages cost \$3.60, and we sell them for 12 cents. They cost 10 cents a package.

Senator SHEPPARD. How many packages in a case?

Mr. HARTSON. Thirty-six.

Mr. MILLER. Sirup?

Mr. HARTSON. I hardly think we have any sirup. I do not remember the price of it.

Mr. MILLER. Rice?

Mr. HARTSON. We are only handling one grade of rice. That cost us $17\frac{1}{2}$ cents in 1 pound carton packages in New York, $17\frac{1}{2}$ cents with freight. We sell it for 25 cents per pound.

Mr. MILLER. Salt?

Mr. HARTSON. Large 5-pound sacks cost about 8 cents and we sell them for 12 cents. The table salt in packages cost 80 cents a dozen and we sell them for 10 cents a package.

Mr. MILLER. Flour?

Mr. HARTSON. We handle Gold Medal, and it cost us \$13 and a few cents. We sell six pounds for 50 cents, twelve pounds for 90 cents, $24\frac{1}{2}$ pound bag for \$1.855.

Senator SHEPPARD. How many bags in a barrel?

Mr. HARTSON. There are 8 of the $24\frac{1}{2}$ pounds; 16 of the 12, 32 or the 6 pound sacks to a barrel.

Senator SHEPPARD. That is what you pay \$13 for?

Mr. HARTSON. Yes, sir, and a few cents. I can not give you the exact figure.

Mr. MILLER. Do you maintain a delivery service?

Mr. HARTSON. Yes, sir.

Mr. MILLER. Have you any idea what that costs you?

Mr. HARTSON. No, I have not. I know it costs a great deal of money to run the car.

Mr. MILLER. How much of your trade would you lose if you did not have that delivery service?

Mr. HARTSON. Practically all of our business is delivery business. Our cash-and-carry trade does not amount to 20 per cent of our business; that is, in the wintertime. At the present time the trade is more than cut in two. It is about even at the present time.

TESTIMONY OF W. L. PALMER.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Palmer, please give your full name, the name of your firm, and your place of business.

Mr. PALMER. Walter L. Palmer; manager of Hughes Markets (Ins.), 1243 Twentieth Street.

Mr. MILLER. Is your firm incorporated?

Mr. PALMER. Yes, sir.

Mr. MILLER. For what capitalization?

Mr. PALMER. \$100,000, I think.

Mr. MILLER. When was it incorporated?

Mr. PALMER. I think the last time they incorporated was January, 1919.

Mr. MILLER. Was that \$100,000 cash actually paid in?

Mr. PALMER. No, sir.

Mr. MILLER. How much of it was actually paid in?

Mr. PALMER. I could not say.

Mr. MILLER. You have no idea?

Mr. PALMER. Something like \$25,000.

Mr. MILLER. What represents the balance of the capitalization?

Mr. PALMER. Stock and notes.

Senator SHEPPARD. Does any of it represent earned surplus or other years?

Mr. PALMER. No, sir; I do not think so. I could not answer that question.

Senator SHEPPARD. Did you have a surplus?

Mr. PALMER. No, sir.

Mr. MILLER. Do you own or rent your buildings?

Mr. PALMER. I am paying a mortgage on the building, and when this mortgage is paid the building will be owned by the company.

Mr. MILLER. Have you some figures there to give the committee showing your volume of business?

Mr. PALMER. No; because the business was owned by Mr. John Hughes, and he died in January. It was taken over by his brother, and since which time we have never been able to see the books.

Mr. MILLER. Have you been connected with the firm long enough to give us any information?

Mr. PALMER. I have been there only about four months.

Senator SHEPPARD. What has been your volume of business since then?

Mr. PALMER. To-day we are running something like \$4,000 a month.

Senator SHEPPARD. Do you mean your volume of business is just \$4,000 a month?

Mr. PALMER. Well, that is this time of year; something like that.

Senator SHEPPARD. Do you know what your profits are per month?

Mr. PALMER. This time of year our profits are at a loss.

Senator SHEPPARD. You have no profits in the summer?

Mr. PALMER. Not at this time of the year. We handle only meats and vegetables and our trade is all out of the city at this time of the year.

Senator SHEPPARD. What did you do per month in January, February, March, and April?

Mr. PALMER. I was not connected with the company, and I could not very well say.

Senator SHEPPARD. When did you become connected with the company?

Mr. PALMER. In May.

Senator SHEPPARD. Did it begin to drop off in May?

Mr. PALMER. Yes, sir.

Senator SHEPPARD. And it has been running at a loss since you have been connected with it?

Mr. PALMER. For the last 90 days; yes.

Mr. MILLER. Are you able to give the prices you pay for certain articles and what you sell them for to the consumer?

Mr. PALMER. Yes.

Mr. MILLER. As I call them off, please answer plainly and distinctly, Mr. Palmer, and give us the price you pay for the different articles, stating whether they are bought by the case or the pound. We will take Lima beans.

Mr. PALMER. We are paying 60 cents and selling them for 90 cents.

Mr. MILLER. Please differentiate, as I just asked you to do. Is that per dozen, per piece, or how?

Mr. PALMER. By the quart.

Mr. MILLER. Sugar?

Mr. PALMER. We do not handle sugar. We handle nothing but vegetables and meats.

Mr. MILLER. Peas?

Mr. PALMER. We do not handle peas.

Mr. MILLER. Are not peas vegetables?

Mr. PALMER. Well, we are not handling them.

Mr. MILLER. Pardon me; just let me see that memorandum you have there. Probably we can put it in the record. Read those items off for the record, please.

Mr. PALMER. We handle the prime cuts of meat. Rack of lamb costs 45 to 50 cents. It varies. We sell the prime chops at 65 cents per pound. We pay 35 and 40 cents a pound for 8-rib beef, and we sell 7 and 8 ribs at cost, and the other at 55 cents per pound.

Mr. MILLER. Why do you sell those ribs at cost?

Mr. PALMER. Well, we practically have to on account of cutting others out. When spring lamb costs 40 cents we sell the leg at 50 cents and the loin chops at 60 cents. The prime loins of beef, choice steaks, we sell at 65 cents, and first rough steak at 60 cents. We sell corn at 50 cents per dozen—that is, ear corn, which costs us 35 cents. Potatoes cost us \$7 per barrel, and we sell them at 90 cents a peck, 14 pounds to the peck. Eggs, special certified, that cost us 65 cents per dozen, we sell for 80 cents per dozen.

Mr. MILLER. You have run through everything you deal in now?

Mr. PALMER. Well, no, not everything. We have some other vegetables?

Mr. MILLER. Canned vegetables?

Mr. PALMER. No; fresh vegetables. We buy them every day and sell them every day. We carry no stock.

Senator SHEPPARD. Who owns the business now?

Mr. PALMER. William V. Hughes owns the business now.

STATEMENT OF WILLIAM E. HOPKINS (REPRESENTING N. W. BURCHELL).

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Hopkins, give your full name.

Mr. HOPKINS. William E. Hopkins. I am representing N. W. Burchell, 1325 F Street NW., Washington, D. C.

Mr. MILLER. Are they incorporated?

Mr. HOPKINS. No, sir; individual ownership, owned by M. L. Burchell.

Mr. MILLER. Have you figures there to show the committee the volume of your business?

Mr. HOPKINS. I must apologize by saying that I have had only 24 hours' notice. Mr. Burchell has been detained. So I have only been able to make up the list for 1917 and 1918.

Mr. MILLER. Please give your figures for those years.

Mr. HOPKINS. Our gross business, profits, etc., for 1917, were as follows:

Cost of merchandise.....	\$151,097. 82
Amount of sales for the year.....	208,688. 91

EXPENSES.

Autos (operation and repairs).....	\$4,277.14
Miscellaneous, insurance, repairs, etc.....	4,539.61
Rent.....	5,500.00
Interest on borrowed money.....	150.28
Taxes.....	417.97
Wear and tear and depreciation.....	1,246.58
Bad debts.....	346.80
Wages and salaries.....	28,979.10
Total expenses.....	45,456.98
Cost of merchandise.....	151,097.82
Expenses.....	45,456.98
Total moneys paid out.....	196,554.80
Net profit.....	12,134.11
Gross profit (per cent).....	27.4
Net profit (per cent).....	5.7
Expense (per cent).....	21.7

Mr. HOPKINS. I think it only pertinent to say here that 1917 was the year in which we were permitted to sell liquor on which there was considerable profit. We cleaned out all the liquor we had that year, so, naturally, some of the profit of \$12,134.11 would represent some capital that had been taken out of the business.

Senator SHEPPARD. Did you include your income tax in the net profits?

Mr. HOPKINS. I think the income of the business is included in the expenses. I do not know that absolutely.

Senator SHEPPARD. You think the income tax was included in the cost of business?

Mr. HOPKINS. Yes, sir. That would be a legitimate part of it.

Senator SHEPPARD. Certainly it would.

Mr. HOPKINS. The figures for 1918 are as follows:

Cost of merchandise.....	\$176,980.26
Amount of sales for the year.....	231,635.35

Expenses:

Autos (operation and repairs).....	3,856.68
Miscellaneous (office supplies, repairs, etc.).....	2,734.50
Insurance.....	213.04
Rent.....	5,750.00
Interest.....	162.74
Taxes.....	235.33
Wear and tear and depreciation, fixtures.....	1,293.20
Bad debts.....	260.51
Salaries and wages.....	33,250.34

Total expenses.....	47,756.43
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Cost of merchandise.....	176,980.26
Total expense.....	47,756.43

Cost of goods plus expense.....	224,736.69
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Net profit, 2.9 per cent.....	6,808.66
Expense, 20.6 per cent.....	47,756.43
Gross profit, 23.5 per cent.....	54,655.09

That was the year in which we had Government supervision.

Mr. MILLER. Those figures, of course, bring out the information as to why you had a smaller profit on the larger volume of business in 1918. You just stated that you had regulation.

Mr. HOPKINS. Yes, sir; they cut down the profit on a good many staple articles to below what it actually cost us to distribute them. It cost us on an average about 21 per cent to do business. The staple articles, such as flour, sugar, bacon, lard, eggs, and butter, were sold at a profit of from 10 to 15 per cent.

Mr. MILLER. Could you not make money even though those regulations were permanent?

Mr. HOPKINS. Of course; but we would have to make it up on the luxuries.

Mr. MILLER. But for the average consumer the regulations might be beneficial?

Mr. HOPKINS. For the poor man; yes. We think it is a good thing to make it that way. We think a person who has a large proportion of money ought to bear the greater expense.

Mr. MILLER. It is the poor man, is it not, upon whom this burden of the high cost of living falls most heavily?

Mr. HOPKINS. It did then, but I believe the lower salary man has advanced more than the middle-salaried man in the last three or four years.

Mr. MILLER. Are you prepared to give the committee the prices you pay for certain articles?

Mr. HOPKINS. I have gotten up a few. I can give you some absolute figures.

Prices on coffee are as follows:

Prices of coffee.

When purchased.	From whom.	Cost per pound.	Retail price per pound.
October, 1915.....	Browning & Baines, Washington, D. C.	\$0.16	\$0.
October, 1916.....	do.....	.16	.
October, 1917.....	do.....	.16	.
Sept. 20, 1918.....	do.....	.17	.
Oct. 7, 1918.....	do.....	.18	.
Nov. 2, 1918.....	do.....	.20	.
Nov. 15, 1918.....	do.....	.22	.
Dec. 20, 1918.....	do.....	.24	.
Jan. 6, 1919.....	do.....	.25	.
Apr. 16, 1919.....	do.....	.27	1.
May 12, 1919.....	do.....	.29	.
June 4, 1919.....	do.....	.32	2.
June 27, 1919.....	do.....	.35	.
July 11, 1919.....	do.....	.37	.

¹Apr. 24, 1919, 40 cents.

² June 16, 1919, 45 cents.

Prices of butter are as follows:

Prices of butter.

When purchased.	From whom.	Cost per pound.	Retail price per pound.
January, 1915.....	National City Dairy Co., Washington, D. C.	\$0.39	(¹)
January, 1916.....	do.....	.36½	\$0.
January, 1917.....	do.....	.44	.
January, 1918.....	do.....	.55	.
January, 1919.....	do.....	.74	.
August, 1919.....	do.....	.60	.

¹ Undetermined.

Chairman BALL. Butter has gone down in price?

Mr. HOPKINS. It has gone down; yes, sir. Prices on bacon are as follows:

Prices of sliced bacon in 1-pound cartons.

When purchased.	From whom purchased.	Cost.	Retail price.
January, 1915.....	Kingan & Co.....	\$0.30	(1)
January, 1916.....	do.....	.28	(1)
January, 1917.....	do.....	.30	\$0.35
January, 1918.....	do.....	.55	.65
January, 1919.....	do.....	.55	.65
August, 1919.....	do.....	.63	.73

Prices on canned articles.

CANNED TOMATOES.

When purchased.	From whom purchased.	Cost per dozen.	Retail price per can.
October, 1915.....	Wm. Silver & Co., Aberdeen, Md.....	(1)	\$0.10
October, 1916.....	do.....	\$0.85	.11
September, 1917.....	do.....	1.60	.20
September, 1918.....	R. S. Bowie, Washington, D. C.....	2.10	.25

CANNED CORN.

November, 1916.....	Twitchell Champlin Co., Rutland, Me..	\$0.974	(1)
October, 1917.....	do.....	1.274	\$0.18
October, 1918.....	Seeman Bros.....	2.35	.28

CANNED PEAS

February, 1916.....	Wm. Larsen Canning Co., Green Bay, Wis..	\$1.20	\$0.15
October, 1917.....	do.....	1.40	.18
August, 1918.....	do.....	2.00	.25

When purchased.	From whom.	Cost.	Retail price.
January, 1915.....	Franklin refinery.....	\$0.05144	\$0.06
January, 1916.....	do.....	.0686	.07
January, 1917.....	do.....	.07264	.084
January, 1918.....	do.....	.0806	.084
January, 1919.....	do.....	.08224	.104
August, 1919.....	do.....	.09624	.104

1 Unknown.

2 Undetermined.

3 \$2.25 per dozen.

4 \$2.55 per dozen.

5 2 for 25 cents, \$1.40 per dozen.

6 \$2 per dozen.

7 \$3.25 per dozen.

8 \$1.75 per dozen.

9 11 cents for about two or three months previous.

Prices of flour per barrel.

When purchased.	From whom.	Cost.	Retail price.
October, 1915.....	Washburn-Crosby Co.....	\$7.00	\$8.00
October, 1916.....	do.....	9.35	10.40
October, 1917.....	do.....	12.39	13.30
October, 1918.....	do.....	11.52	12.80
August, 1919.....	do.....	13.06	15.20

Chairman BALL. You have this information in very satisfactory form, and we are very glad to have it.

Mr. HOPKINS. That is as much as I could gather in the time you gave me. I think those figures are as nearly absolute as it is possible to get them.

Chairman BALL. That is just the information we are after. Taking the majority of the products you handle, has there been an increase in the price in the last three months?

Mr. HOPKINS. No, sir.

Chairman BALL. You do not think the cost of living, so far as your products are concerned, has increased?

Mr. HOPKINS. I think not. I think there has been a tendency the other way.

Chairman BALL. Has there been an increase in the last six months?

Mr. HOPKINS. There may have been.

Senator SHEPPARD. But there has been quite an advance since 1914!

Mr. HOPKINS. Yes, sir; that shows very clearly.

Chairman BALL. There has been no decided advance since last November, when the armistice was signed?

Mr. HOPKINS. Yes; there has been quite an advance.

Chairman BALL. Well, do you think it has been going gradually up all the time, or do you think about three months ago it reached its highest point and has gradually declined?

Mr. HOPKINS. I do not think there has been any advance in the last three months.

Chairman BALL. Have you any further questions, Senator Sheppard? I think he has given us a very complete statement.

Senator SHEPPARD. I have no further questions.

Mr. HOPKINS. The prices we have been quoted for canned goods for this season's delivery have been averaging 35 cents a dozen less than quoted last year. For instance, we paid \$2 a dozen last year for No. 3 extra fancy packed tomatoes. I think the quotation this year is \$1.75. I think last year we paid \$2 a dozen for extra canned corn, and the price this year will be \$1.65.

Chairman BALL. The tendency is downward now?

Mr. HOPKINS. Yes, sir.

Senator SHEPPARD. Canned peaches are up now, are they not?

Mr. HOPKINS. They are high. They are so high we do not attempt to buy them.

Chairman BALL. Well, there are no peaches this year.

Mr. HOPKINS. We never thought that peaches and sardines would interest you very much in the investigation of the high cost of living, because those are things the ordinary individual can very well do without. I have picked out the staple articles.

Mr. MILLER. Can you state for the record at this point the average prices for May, June, and July, this year, on certain staple articles of groceries?

Mr. HOPKINS. Yes, sir. The average prices for May, June, and July, of 1919, are as follows:

	Costs.	Sells.	Profit.
			<i>Per cent.</i>
Bread.....	\$0.07	\$0.08	12½
Butter.....	.60	.70	14½
Cheese.....	.38	.50	24
Eggs, dozen.....	.46	.58	22½
Bacon, strip, pound.....	.50	.60	16½
Bacon, sliced, pound.....	.60	.70	14½
Hams, pound.....	.40	.50	20
Sugar, pound.....	.09624	.105	8½
Flour, barrel, 7½s.....	13.50	16.80	19½
Lard in bulk.....	.39	.45	13½

Average percentage for the 10 items, 16½.

N. W. BURCHELL,
Washington, D. C., August 23, 1919.

The Senate Subcommittee of the District of Columbia investigating the high cost of living.

GENTLEMEN: I desire to correct one answer given in my testimony before your honorable committee on Friday afternoon, August 22.

The question was asked if the income tax was considered a part of the expense of the business.

Not clearly comprehending at the time that the income tax in question was the tax paid by the proprietor upon the net profits of the business, I answered that I thought the tax was considered a part of the expenses.

As a matter of more certain fact, the income tax paid by the proprietor upon the net profits of the business is not considered an expense of the business, and my data supplied your committee is based upon the income-tax reports for the years 1917 and 1918, respectively, which were not permitted to include income taxes paid as an item of expense under the regulations of the collector of internal revenue.

Respectfully submitted.

WILLIAM E. HOPKINS,
Representing N. W. Burchell, 1325 F Street NW.

Sworn to and subscribed before me this 23d day of August, 1919.

[SEAL.]

ALBERT C. WEST,
Notary Public, District of Columbia.

TESTIMONY OF WILLIAM B. CROW.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Crow, will you give your full name and your place of business?

Mr. CROW. William B. Crow; 832 Tenth Street NE.

Mr. MILLER. What is the nature of your firm?

Mr. CROW. Groceries, meats, and provisions.

Mr. MILLER. Do you carry on the business yourself?

Mr. CROW. Yes, sir; in the name of the W. B. Crow Market.

Mr. MILLER. Have you figures that you can give to the committee showing the amount of business you have done for the several years and the profits thereon?

Mr. CROW. I have not any figures. I am only a small grocer, but I can give you pretty close, I think, what business I have done, especially in the last year.

Mr. MILLER. Can you give them to us accurately, so they will be of some value to us?

Mr. CROW. I think so; yes, sir.

Mr. MILLER. How far back can you go? To what years can you go?

Mr. CROW. To be accurate, I would only want to bind myself to the past year.

Mr. MILLER. All right; give us figures for the past year—how much your business was, your profits, and the cost of your operation.

Mr. CROW. My volume of business was \$14,000 for 1918; that for the year ending December 30, last. My net profits were \$835. It was really a losing year for me.

Mr. MILLER. Have you paid any taxes of any kind?

Mr. CROW. Personal taxes.

Senator SHEPPARD. That is, after deducting an allowance for your own services?

Mr. CROW. Yes, sir.

Senator SHEPPARD. How much did you allow yourself?

Mr. CROW. I allowed myself \$5 a year. I had my wife in the store. I made no allowance for her.

Mr. MILLER. Are you prepared to give the committee the prices you paid for certain staple articles and what you charged the public?

Mr. CROW. Yes, sir.

Mr. MILLER. As I call then off, please state what you paid for each article by the pound or otherwise, and what you sold them for?

Mr. CROW. I handle it only in cartons. I am paying 10 cents a pound and selling it for 11 cents a pound.

Mr. MILLER. Flour?

Mr. CROW. I have not been buying by the barrel recently because I am getting ready to sell out. I am going into another business. I have been buying one-third of a barrel at a time, and I paid \$3.48 for four sacks and sold it at a dollar a sack.

Mr. MILLER. Cereals?

Mr. CROW. Shredded wheat, puffed rice, and puffed wheat all run at 12½ cents a package, and I sell for 15 cents. Cream of wheat runs about 20½ or 21 cents and I sell for 25 cents.

Mr. MILLER. Oatmeal?

Mr. CROW. A fraction over 10 cents and I sell for 12 cents.

Mr. MILLER. Canned vegetables?

Mr. CROW. I have two grades of peas. I have one that costs \$2.10 a dozen, which I sell for 10 cents; another grade that costs me \$1.60 a dozen that are 18 cents a can. I have one grade of corn that I pay \$1 a dozen for.

Mr. MILLER. Tomatoes?

Mr. CROW. I am selling tomatoes 16 cents a can that cost me \$2.20 a dozen.

Mr. MILLER. Sardines and salmon?

Mr. CROW. Sardines I bought at 7½ cents and sell for 10 cents. Salmon \$1.95 cents a dozen and sell for 20 cents a can.

Mr. MILLER. Beans?

Mr. CROW. Beans, \$1.30 a dozen, which I am selling for 14 cents a can, and I can not get rid of them.

Mr. MILLER. Salt?

Mr. CROW. I can not give you the exact cost on salt. I am selling it at 5 cents a sack, but I do not recall just what I paid for it.

Mr. MILLER. Sirup?

Mr. CROW. I buy sirup at 12 cents and sell it for 15 cents.

Mr. MILLER. Corn meal?

Mr. CROW. I buy at $4\frac{1}{2}$ cents a pound and sell at 5 cents.

Mr. MILLER. Rice.

Mr. CROW. The last rice I got cost me 14 cents and I am selling it at 15.

Mr. MILLER. Do you maintain a delivery service?

Mr. CROW. I do my own delivering. I have a delivery trade.

Mr. MILLER. What proportion of your trade is dependent on delivery?

Mr. CROW. I would say over half of it.

Mr. MILLER. Is your business a cash or a credit business?

Mr. CROW. About half and half.

Mr. MILLER. What does that delivery service consist of?

Mr. CROW. I have a Ford car. I call for orders and deliver them.

Chairman BALL. What percentage do you lose in bad debts?

Mr. CROW. I would not say positively. In the past year or year and a half I lost over 2 per cent, but the year before that I lost more.

Mr. MILLER. Do you think the prices you have paid for the necessities of life have advanced in the last three or four months?

Mr. CROW. I do not see any advance.

Chairman BALL. Do you think they have gone down a little?

Mr. CROW. Since last winter; yes, sir.

Chairman BALL. Then, you see no reason why the retail prices appear higher now than they were three months ago, but you think they ought to be a little cheaper?

Mr. CROW. Except in the case of a man that has a lot of canned tomatoes on hand, as I have.

Chairman BALL. That is only one item. I am talking about the average.

Mr. CROW. The average should not be.

Senator SHEPPARD. Do you pay rent?

Mr. CROW. I pay rent.

Senator SHEPPARD. What are they charging you?

Mr. CROW. Twenty-five dollars and fifty cents.

Chairman BALL. Has there been any advance in your rent?

Mr. CROW. No; I have a lease.

Senator SHEPPARD. You said \$25.50 a month?

Mr. CROW. Yes, sir. I am trying to sell out and my landlord has only consented on condition that I get a lease from the other fellow at \$50, and I am supposed to deceive him and tell him I am paying \$50.

Chairman BALL. That is a very proper statement for you to make to us.

Senator SHEPPARD. You decline to deceive the man?

Mr. CROW. Well, he wants me to, but I am going to close up.

Mr. MILLER. Who is your real estate dealer?

Mr. CROW. I do not deal with a real estate dealer. I deal with Mr. McNamara.

Mr. MILLER. As long as you have mentioned his name, please give his full name and his address.

Mr. CROW. Dennis J. McNamara, 1316 H Street NE.

TESTIMONY OF R. H. HEFLIN.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please state your full name and your address.

Mr. HEFLIN. R. H. Heflin; 1401 F Street NE.

Mr. MILLER. How long have you been in business?

Mr. HEFLIN. I have been in the grocery business about 18 years, I guess.

Mr. MILLER. What is the amount of capital invested?

Mr. HEFLIN. I couldn't tell you that. I do not know exactly how much capital I have invested. I suppose about \$4,000.

Mr. MILLER. Do you own your building or rent it?

Mr. HEFLIN. I rent it.

Mr. MILLER. From whom?

Mr. HEFLIN. J. E. Horner.

Mr. MILLER. Has your rent been raised recently?

Mr. HEFLIN. No, sir. I pay \$45 a month.

Mr. MILLER. Mr. Heflin, are you able to give the committee the volume of business you have done in the past few years and the profit thereon, together with your expenses?

Mr. HEFLIN. I do not believe I can. I never kept any particular account of them.

Mr. MILLER. You have never kept any books?

Mr. HEFLIN. I have never kept any books; no.

Mr. MILLER. What did you make last year?

Mr. HEFLIN. I did not make very much. I think I just about ran even last year.

Senator SHEPPARD. Do you mean after deducting your salary as a part of your expenses?

Mr. HEFLIN. I do not believe I took any salary out of the business.

Mr. MILLER. Did you pay an income tax?

Mr. HEFLIN. No, sir.

Mr. MILLER. Are you prepared to give the committee the prices you pay for certain staple groceries?

Mr. HEFLIN. I will, to the best of my knowledge, if you will call them off.

Mr. MILLER. You have heard me speak to these other gentlemen about the method of answering the questions and the way in which I like the answers given?

Mr. HEFLIN. Yes.

Mr. MILLER. Sugar?

Mr. HEFLIN. I pay \$9.80 for some, and I pay \$10 for some. I sold it at 11 cents.

Mr. MILLER. Please state whether that is per pound or not.

Mr. HEFLIN. Per pound; yes.

Mr. MILLER. Flour?

Mr. HEFLIN. For flour I pay \$14.25 per barrel for some, and I retail it for 85 cents per sack.

Mr. MILLER. How many sacks are there in a barrel?

Mr. HEFLIN. Sixteen.

Mr. MILLER. Now cereals?

Mr. HEFLIN. For Cream of Wheat I paid 21 cents, and I retail it at 25 cents.

Mr. MILLER. Please state whether that is by the package or the pound, or what?

Mr. HEFLIN. The package.

Mr. MILLER. Please do not make me remind you again. Shredded Wheat?

Mr. HEFLIN. It costs 10 cents and I retail it for 12½ cents.

Mr. MILLER. Corn flakes?

Mr. HEFLIN. They cost \$4.10, one of those large packages of 3 cwt. and I retail them at 15 cents.

Mr. MILLER. Puffed Rice?

Mr. HEFLIN. I haven't any.

Mr. MILLER. Wheatina?

Mr. HEFLIN. I haven't any.

Mr. MILLER. Oatmeal?

Mr. HEFLIN. That costs me 10 cents and I retail it at 12½ cents.

Mr. MILLER. Cream of Wheat?

Mr. HEFLIN. In packages it costs me 21 cents and I retail it at 25 cents.

Mr. MILLER. Post Toasties?

Mr. HEFLIN. That is the same as Corn Flakes.

Mr. MILLER. Now, we will come to canned vegetables. Peas?

Mr. HEFLIN. I have some peas that I paid \$1.60 for.

Senator SHEPPARD. Per dozen cans?

Mr. HEFLIN. Per dozen; yes, sir; and they retail for 18 cents per can. I have some that I paid \$2.40 per dozen for that I retail for 25 cents per can.

Mr. MILLER. Tomatoes?

Mr. HEFLIN. The 3-pound cans I paid \$2.25 per dozen for and I am retailing those at 20 cents now, but I do not sell many of them.

Mr. MILLER. Corn?

Mr. HEFLIN. For corn I pay \$1.75 per dozen and am retailing it at 20 cents.

Mr. MILLER. Sardines and salmon?

Mr. HEFLIN. Sardines cost me \$7.25 a hundred and I am retailing for 10 cents apiece.

Mr. MILLER. You bought them by the dozen?

Mr. HEFLIN. No; I bought them by the hundred.

Mr. MILLER. Salmon by the hundred?

Mr. HEFLIN. Salmon by the case.

Mr. MILLER. How many in a case?

Mr. HEFLIN. Three dozen. I paid \$2.40 a dozen and retail them at 30 cents.

Mr. MILLER. Lima beans?

Mr. HEFLIN. I do not handle any lima beans.

Mr. MILLER. Corn meal?

Mr. HEFLIN. Corn meal I paid \$4.50 for and retail for 6 cents.

Mr. MILLER. Per pound?

Mr. HEFLIN. Per pound.

Mr. MILLER. Do not make that mistake again.

Mr. HEFLIN. I beg your pardon.

Mr. MILLER. Sirup?

Mr. HEFLIN. For sirup we paid \$12.50 and retail at 15 cents per

Mr. MILLER. Salt?

Mr. HEFLIN. I have nothing but the large sacks. I paid 7 cents and retail for 10 cents.

Mr. MILLER. Rice?

Mr. HEFLIN. I pay 14 cents and am still selling for 15 cents a package—a pound package.

Mr. MILLER. Do you maintain a delivery service?

Mr. HEFLIN. Yes, sir.

Mr. MILLER. What does it consist of?

Mr. HEFLIN. We have an automobile—a Ford car.

Mr. MILLER. How much of your trade is dependent upon that delivery service?

Mr. HEFLIN. Well, I guess about half of it anyhow.

Mr. MILLER. In other words, if you did not have that, you would probably lose half of your trade?

Mr. HEFLIN. Yes, sir; they would go to some one else that had delivery service to accommodate them.

Mr. MILLER. Have you any idea what it costs you?

Mr. HEFLIN. No, sir; I have not kept any account of it at all.

Mr. MILLER. Do you do a credit or a cash business?

Mr. HEFLIN. About half of each.

Chairman BALL. Do you think the wholesale prices are on the upward trend or downward trend for the last three months?

Mr. HEFLIN. For the last three months I do not see any change at all.

Chairman BALL. There is no reason why the retail prices should be advancing now?

Mr. HEFLIN. Not a bit in the world. I think, if anything, the wholesale prices are a little cheaper than they were last year.

Chairman BALL. That is what we are trying to find out. What percentage do you lose of your book accounts?

Mr. HEFLIN. About 4 per cent.

TESTIMONY OF SIMON BLUMBERG.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please state your full name.

Mr. BLUMBERG. Simon Blumberg.

Mr. MILLER. Where is your place of business?

Mr. BLUMBERG. 341 Fifteenth Street SE.

Mr. MILLER. How long have you been in business?

Mr. BLUMBERG. I have been there, I think, going on about nine years.

Mr. MILLER. What is your capital invested?

Mr. BLUMBERG. What do you mean? When I first started? I had about \$3,000 when I first went there.

Mr. MILLER. Have you put any money back into the business since then?

Mr. BLUMBERG. No; I did not put all the money in the business. I bought the place. It cost me altogether about \$1,800 or \$2,000.

Mr. MILLER. Do you rent or own your store?

Mr. BLUMBERG. I bought that place about five or six years ago.

Mr. MILLER. What articles do you deal in?

Mr. BLUMBERG. I handle groceries, little notions, candies, stationery, cigars, tobacco, cigarettes, ginger ale, and stuff like that. I handle a little meat, too, but not much. Mostly I depend on dry groceries and stationery and candies.

Mr. MILLER. Have you any figures you can give the committee showing your volume of business and your profits and what it costs you to operate?

Mr. BLUMBERG. Do you mean how much business I have done?

Mr. MILLER. Yes; for the last year, for instance. Have you any figures for a number of years back?

Mr. BLUMBERG. I can tell you about when I first started. It was about seven or eight years ago.

Mr. MILLER. Give the amount of business you did and the profit you made?

Mr. BLUMBERG. About four or five years ago I did a small business, about \$10,000 a year.

Mr. MILLER. Please give us the year, if you can; if you can not give it to us specifically by saying "I did such-and-such an amount of business and made such-and-such a profit," we do not want it.

Mr. BLUMBERG. I can give you the information, say, for about three or four years ago.

Mr. MILLER. What year is it?

Mr. BLUMBERG. Well, last year was 1918.

Senator SHEPPARD. Let us take it for 1918. Give us the information for 1918.

Mr. BLUMBERG. In 1918 I did between \$17,000 and \$18,000 worth of business.

Mr. MILLER. And your profits were?

Mr. BLUMBERG. What do you mean, clear profits? I do not know, but I averaged about 15 per cent.

Mr. MILLER. I do not think we want any more information, because it is not accurate enough.

Senator SHEPPARD. Well, that gives it to us for 1918. Now, give us some of the articles you handled.

Mr. MILLER. Before we go into that, I would like to ask this question: Do you maintain a delivery service?

Mr. BLUMBERG. I have a boy that delivers for me.

Mr. MILLER. But you have no automobile?

Mr. BLUMBERG. No, sir.

Mr. MILLER. Will you give the committee the prices you pay for these articles as I read them off and state what you get for them. Be sure to give the information in pounds or packages, or dozens, or whatever it is. If you do not do that, it means that we have to go back and have to have it given all over again. Take sugar.

Mr. BLUMBERG. Sugar I sell for 11 cents, and it costs me from 9½ to 10 cents per pound.

Mr. MILLER. Flour?

Mr. BLUMBERG. I am selling a 6-pound sack of flour for 50 cents and a 12-pound bag for \$1.

Mr. MILLER. State what you paid for it and what you sold it for.

Mr. BLUMBERG. It cost me from \$13.50 to \$14 a barrel.

Mr. MILLER. How many bags in a barrel?

Mr. BLUMBERG. Thirty-two bags and 16 bags. The 16 I sell for \$1 and the 32 I sell for 50 cents.

Mr. MILLER. Take canned vegetables. Take peas.

Mr. BLUMBERG. The peas cost me \$1.75 a dozen and I am selling them for 18 cents.

Mr. MILLER. Tomatoes?

Mr. BLUMBERG. I have three kinds of tomatoes. I have one costing me \$1 a dozen that I am selling for 10 cents; one costs me \$1.50 and I am selling it for 15 cents; and one that costs me \$1.75 I am selling for 18 cents.

Mr. MILLER. Corn?

Mr. BLUMBERG. Corn that costs me \$1.50 I am selling for 15 cents; \$1.75 corn I am selling for 18 cents.

Mr. MILLER. Per dozen in a case?

Mr. BLUMBERG. Yes, sir.

Mr. MILLER. Sardines?

Mr. BLUMBERG. They cost me from 6 to 6½ cents and I am selling for 8 cents.

Mr. MILLER. Salmon?

Mr. BLUMBERG. The pink salmon costs about two and a quarter and I am selling for twenty-five. The red salmon costs me three and a quarter and I am selling for thirty-two. There are 4 dozen cans in a case.

Mr. MILLER. Cereals, oatmeal?

Mr. BLUMBERG. I sell the small packages for 7 cents.

Senator SHEPPARD. What are you paying for it?

Mr. BLUMBERG. About five and a half. The package I am selling for 12 cents.

Mr. MILLER. Cream of Wheat?

Mr. BLUMBERG. \$2.50 a dozen and I am selling for 25 cents.

Mr. MILLER. Shredded Wheat.

Mr. BLUMBERG. I am selling for 50 cents. I think it costs \$1.40 or \$1.45.

Mr. MILLER. Corn Flakes?

Mr. BLUMBERG. I am selling at 14 cents. I think it costs around 11 or 11½ cents, something like that.

Mr. MILLER. Puffed Rice.

Mr. BLUMBERG. Puffed Rice I am selling at 15 cents. I think that costs 12 or 12½ cents.

Mr. MILLER. Rice?

Mr. BLUMBERG. Package rice which costs me 12½ and 13 cents I sold for 15 cents. I have a new lot I am selling for 18 cents.

Mr. MILLER. Salt?

Mr. BLUMBERG. Four and a quarter a bag and I am selling for five.

Mr. MILLER. Campbell's beans?

Mr. BLUMBERG. I am selling at 15 cents. It costs me 12 and 12½ cents.

Senator SHEPPARD. What rent do you pay?

Mr. BLUMBERG. I do not pay any rent at all; I own my own place. I bought the place five or six years ago.

Senator SHEPPARD. Yes; I believe you testified to that at first. In your opinion, are wholesale prices going down or going up?

Mr. BLUMBERG. Some things are going up, a good many things. Some time ago tomatoes were offered me at \$1.50 a dozen and they are now \$1.90.

Senator SHEPPARD. Rice is going up, too?

Mr. BLUMBERG. Rice is going up, and I believe lard is going up. Good many things are going up.

Senator SHEPPARD. What has been going down in the last three months?

Mr. BLUMBERG. I do not see anything going down; even corn meal went up.

TESTIMONY OF FRANK G. LINDSAY.

The witness was duly sworn by Senator Sheppard, presiding in presence of Chairman Ball, and Senator Capper.

Mr. MILLER. Please give your full name and place of business?

Mr. LINDSAY. Frank G. Lindsay; 2215 Nichols Avenue SE., Anacostia, D. C.

Mr. MILLER. Mr. Lindsay, what do you deal in?

Mr. LINDSAY. Groceries and meats.

Mr. MILLER. Do you own your place or do you rent it?

Mr. LINDSAY. I rent it.

Mr. MILLER. What is the amount of capital invested in your plant?

Mr. LINDSAY. About a thousand to fifteen hundred dollars, stock.

Mr. MILLER. You can not go back and give us the volume of business you have done in the past few years and your profits of operation?

Mr. LINDSAY. Gross profits about 15 per cent.

Mr. MILLER. You can not go back and give us the volume of business you did per year?

Mr. LINDSAY. Yes, sir. I have here a statement of what I turned in prices in the last four months to the Department of Commerce. I have nothing except my memory. I can tell you from memory what business I have done.

Mr. MILLER. For how far back?

Mr. LINDSAY. Two or three years.

Mr. MILLER. Start with 1916.

Mr. LINDSAY. Three years ago I did about \$12,000 worth of business.

Mr. MILLER. That was in 1916?

Mr. LINDSAY. Yes. I did \$18,000 worth last year; that is, between \$18,000 and \$20,000. As I say, while I have no books or notes or wagons or stables, I base it on gross, then what little expense I have, such as ice and all that kind of business, is taken from that at the end of the year. I have bills right here from labour and everybody of that kind, giving the prices of these articles.

Senator SHEPPARD. Your volume of business last year, you say, was about \$18,000 or \$20,000?

Mr. LINDSAY. Yes, sir.

Senator SHEPPARD. What was your profit last year?

Mr. LINDSAY. About 15 per cent.

Senator SHEPPARD. That is gross or net?

Mr. LINDSAY. Gross.

Senator SHEPPARD. Your expenses come out of that?

Mr. LINDSAY. Yes.

Senator SHEPPARD. What were your expenses?

Mr. LINDSAY. Such as a boy at \$3 a week; ice at \$3 or \$4 a week paper bags about that amount, taxes and gas bills.

Senator SHEPPARD. Rent?

Mr. LINDSAY. No, sir; I own my own building.

Senator SHEPPARD. Well, you have to charge the rent on your books, do you not?

Mr. LINDSAY. Yes, sir. If I had made \$18,000 and made 15 per cent, it would have been \$2,700; and if I had the expenses of these items I have just mentioned, such as ice and things—

Senator SHEPPARD. And if you charged rent and your own salary you would not have had much left?

Mr. LINDSAY. No, sir. But I figure the amount I had left, \$1,800 to \$2,000, was for my time in running and managing the business.

Mr. MILLER. Can you give the committee the prices you paid for these various articles of groceries and what you received for them? Please give them to us in the way I have asked the others to give them. I will call them off. Sugar?

Mr. LINDSAY. Sugar costs me $9\frac{1}{2}$ to 10 cents.

Senator SHEPPARD. Per pound?

Mr. LINDSAY. Per pound, and it sells at 11 cents per pound.

Senator SHEPPARD. Flour?

Mr. LINDSAY. \$12.50 per barrel, and it sells at 90 cents a sack.

Mr. MILLER. Cereals?

Mr. LINDSAY. Cream of wheat costs \$2.50 a dozen and sells for \$3.

Mr. MILLER. Oatmeal?

Mr. LINDSAY. It is up a little now. It costs me \$3.85 to \$4 and sells for 14 cents apiece.

Mr. MILLER. Shredded Wheat?

Mr. LINDSAY. It costs \$1.50 a dozen and sells for 15 cents.

Mr. MILLER. Corn flakes?

Mr. LINDSAY. Corn flakes cost about 12 cents and I get 15.

Mr. MILLER. Puffed Rice?

Mr. LINDSAY. Puffed rice costs me $12\frac{1}{2}$ cents and sells for 15, but it is up to 13 cents to-day.

Mr. MILLER. Rice?

Mr. LINDSAY. I have nothing but the loose rice. It costs 10 cents and sells for 13 cents per pound.

Mr. MILLER. Peas?

Mr. LINDSAY. The Early June cheap grade costs \$1.50 and sells for 15 cents per can.

Mr. MILLER. \$1.50 per dozen?

Mr. LINDSAY. Yes, sir.

Mr. MILLER. Tomatoes?

Mr. LINDSAY. I have three grades; one costs 90 cents and sells for 10 cents; one costs \$1.40 and sells for 15 cents; and the other \$1.60 and sells for 20 cents.

Mr. MILLER. All those quotations are per case of 12 cans?

Mr. LINDSAY. Yes, sir.

Mr. MILLER. Corn?

Mr. LINDSAY. Corn costs \$1.60 per dozen and sells for 18 cents per can.

Mr. MILLER. Sardines?

Mr. LINDSAY. Sardines cost $5\frac{1}{2}$ cents per box and sell for 8 cents. There are 100 boxes in a case.

Mr. MILLER. Salmon?

Mr. LINDSAY. I have one of Armour's bills here of yesterday. Pink salmon costs \$2.10 a dozen. They sell for \$2.40.

Senator SHEPPARD. From whom did you get them?

Mr. LINDSAY. Armour & Co. That is 14 on the salmon.

Senator SHEPPARD. You get a good deal of your canned goods from the packers?

Mr. LINDSAY. I do not buy practically anything direct except from local jobbers and Armour and Swift.

Senator SHEPPARD. I mean the local branches of Armour and other packers. Armour is a packer.

Mr. LINDSAY. I do not think he packs any canned goods.

Senator SHEPPARD. I mean he deals in packed meats and also canned goods on the side. You buy a good deal from him, do you not?

Mr. LINDSAY. Yes, sir; and from Swift & Co.

Senator SHEPPARD. What do you pay for them and for what do you sell them?

Mr. LINDSAY. Last week I bought for 36 cents per pound and sold for 40 cents. This week I bought for 35 cents and am going to sell for 38 cents, which makes $8\frac{1}{2}$ per cent on ham.

Mr. MILLER. Give us salt now.

Mr. LINDSAY. Small packages, 48 cents per dozen. They sell for 60 cents.

Mr. MILLER. Sirup?

Mr. LINDSAY. \$1.50 per dozen. They sell for 15 cents.

Mr. MILLER. Beans?

Mr. LINDSAY. \$1.35 per dozen; they sell for 15 cents per can.

Senator SHEPPARD. Mr. Lindsay, in your judgment, are the wholesale prices on the downward trend?

Mr. LINDSAY. Well, sir, in the first of the spring it seemed people were unloading everything that they had. Last year they went down. But canned goods advanced a little.

Senator SHEPPARD. Then, you say that the wholesale prices are now on the upward trend?

Mr. LINDSAY. On some articles, but not on beef. I am selling all cuts of steak at 35 cents.

Senator SHEPPARD. Outside of beef, what is the trend, upward or downward?

Mr. LINDSAY. Tomatoes were offered me for \$1.70. Day before yesterday they asked me \$1.85. I bought corn, 25 cases, in Maine, at \$1.70 and paid the freight and drayage on it. You can buy Maryland corn cheaper, for about \$1.50.

Senator SHEPPARD. It could not be stated, then, that there is any general downward trend?

Mr. LINDSAY. No, sir. I was notified by a representative of a packer in Maryland that on his cheap corn he would not consider selling a man unless he was rated in Bradstreets at \$10,000. A small grocer could not buy anything from him. We are at the mercy of these prices of Armour's and others. We go down in the morning and we have to either buy it or leave it. We have nowhere else to get it. If they say ham is 37 cents Monday, we pay 37 cents or leave the ham down there.

TESTIMONY OF ISAAC KUSHNER.

(The witness was duly sworn by Senator Sheppard, presiding in absence of Chairman Ball, and Senator Capper.

Mr. MILLER. You may give your full name and your place of business.

Mr. KUSHNER. Isaac Kushner, 101 Fourteenth Street SE.

Mr. MILLER. What kind of a business do you run?

Mr. KUSHNER. Grocery store; meats, vegetables, and so forth.

Mr. MILLER. Do you own the store?

Mr. KUSHNER. Yes; I own the store.

Mr. MILLER. You don't do any renting?

Mr. KUSHNER. I rent the store. I thought you had reference to the merchandise.

Senator SHEPPARD. No; the store itself.

Mr. KUSHNER. I rent the store.

Mr. MILLER. Has your rent gone up lately?

Mr. KUSHNER. About 18 months ago I signed a lease with the owner, a three-year lease, and the contract read the first year it should be \$55 a month, and the second year \$60 a month, and the third year \$65 a month, and then the lease expired. I am in two years now. I don't know whether you would call that going up or not. That was a mutual contract 18 months ago. I don't know whether it has gone up or not.

Mr. MILLER. Can you tell the committee the amount of capital you have invested in your business?

Mr. KUSHNER. I invested about \$5,000 18 months ago in the business.

Mr. MILLER. Have you figures to show the committee the volume of business you have done per year?

Mr. KUSHNER. No; I have not.

Mr. MILLER. Are you able to give the committee accurate information showing what your total sales were for certain years and your profit that year?

Mr. KUSHNER. Well, I know from March in 1918—March 21, 1918 to March 21, 1919, I done about \$4,000 worth of business.

Mr. MILLER. How much did you make on that?

Mr. KUSHNER. Well, I don't keep any books, but I know how much money I have above what I had when I came there. I made about \$900 clear in that year.

Senator SHEPPARD. Was that after making allowance for your own salary?

Mr. KUSHNER. I don't draw any salary. It is taking out my living expenses and all business expense. That is what I had left.

Senator SHEPPARD. Net?

Mr. KUSHNER. Yes, sir.

Mr. MILLER. Are you able to give the committee the price you buy these articles at and the price at which you sell them to the public?

Mr. KUSHNER. Yes, sir.

Mr. MILLER. As I call them off will you give the figures, giving what you pay for them and what you sell them for, and differentiate whether it is per pound or per case or per can, and how much per case or per can?

Mr. KUSHNER. Yes, sir.

Mr. MILLER. Sugar?

Mr. KUSHNER. I buy sugar for \$9.60 a hundred and sell it for \$11.

Mr. MILLER. Flour?

Mr. KUSHNER. \$13.70 I paid yesterday for a barrel of flour. It contained 32 bags. I am selling it for \$16.

Mr. MILLER. They supply you with the bags and you measure it at?

Mr. KUSHNER. They are already measured out. It is the Gold Medal flour. They come at $42\frac{1}{2}$ cents a bag, wholesale, and I retail them at 50 cents a bag.

Mr. MILLER. Peas, tomatoes, and corn?

Mr. KUSHNER. I paid \$1.55 a dozen, corn—a dozen cans—and sell it at 15 cents a can. For peas I pay \$1.65 a dozen cans and sell it at 15 cents a can. I have tomatoes in stock now. I paid \$2.17 a dozen cans and I sell them for 18 cents a can.

Mr. MILLER. Cereals?

Mr. KUSHNER. Post Toasties, I buy them at $11\frac{1}{2}$ cents and sell them at 14.

Mr. MILLER. A box?

Mr. KUSHNER. Yes; a package.

Mr. MILLER. Shredded Wheat?

Mr. KUSHNER. Shredded Wheat cost me $12\frac{1}{2}$ cents and I sold it for 15.

Mr. MILLER. A package?

Mr. KUSHNER. Yes, sir.

Mr. MILLER. Cream of Wheat?

Mr. KUSHNER. Cream of Wheat I buy for 21 cents and sell for 25 cents a package. Quaker Oats I buy for 10 cents and sell for 12 cents a package.

Mr. MILLER. Rice?

Mr. KUSHNER. The last rice I bought cost me 13 cents, and I sold it for 15 cents a package.

Mr. MILLER. Salmon and sardines?

Mr. KUSHNER. Salmon cost me about $26\frac{1}{2}$ cents, and I sold it for 27.

Mr. MILLER. Per can?

Mr. KUSHNER. Yes, sir.

Mr. MILLER. Sardines?

Mr. KUSHNER. I buy them for 6 cents, and sell them for 8 cents a can.

Mr. MILLER. Corn meal?

Mr. KUSHNER. Corn meal—I paid \$4.65 for the last I bought. Wilkins charged me—it was something I don't understand.

Mr. MILLER. Finish what you started to say.

Mr. KUSHNER. It cost me \$4.65 for 96 pounds. I don't know how much that would be a pound. I guess it would be close to 5 cents a pound.

Mr. MILLER. About 5 cents a pound.

Mr. KUSHNER. I am selling it for 6.

Mr. MILLER. Salt?

Mr. KUSHNER. I have it in little packages. I buy it for $3\frac{1}{2}$ cents and sell it for 5.

Mr. MILLER. Sirup!

Mr. KUSHNER. I buy it for 12½ and sell it for 15.

Mr. MILLER. In what sort of a container?

Mr. KUSHNER. A pound and a half to the container.

Mr. MILLER. Beans?

Mr. KUSHNER. Beans I buy for 11½ cents a can and sell them for 1

Mr. MILLER. Do you maintain a delivery service?

Mr. KUSHNER. Yes, sir.

Mr. MILLER. Consisting of what?

Mr. KUSHNER. A Ford car.

Mr. MILLER. That is probably why you have done a larger volume of business than some of your predecessors on the stand who run the same sized store?

Mr. KUSHNER. The reason I did that business?

Mr. MILLER. That has helped you in your business?

Mr. KUSHNER. Oh, yes; absolutely; yes, sir.

Mr. MILLER. Is your business credit or cash or credit and cash?

Mr. KUSHNER. Yes, sir; credit and cash.

Mr. MILLER. Proportionately how much?

Mr. KUSHNER. About 50-50.

Mr. MILLER. If you didn't maintain your delivery service do you think you would lose a large portion of your trade?

Mr. KUSHNER. Absolutely.

SENATOR SHEPPARD. You started to say something about sugar.

Mr. KUSHNER. About the sugar proposition, the condition about sugar is this: We can't buy any sugar. We have the hardest time in the world buying sugar. Many of the jobbers, if you call them up and want to buy some sugar, they won't sell it to you unless you buy something else, and then you are forced to buy something you don't want in order to get the sugar. That is the practice by many jobbers in Washington. They won't sell you any sugar unless you buy something else.

SENATOR SHEPPARD. Do you buy much from Armour or Swift or Wilson & Co.?

Mr. KUSHNER. I buy a good many things from Wilson & Co.—meats and sometimes canned goods. I buy very little from Armour and Swift.

SENATOR SHEPPARD. Do you get around to the different ones and see whether one will sell you for less than another?

Mr. KUSHNER. Yes, sir.

SENATOR SHEPPARD. Do they all make you about the same price?

Mr. KUSHNER. About the same price.

SENATOR SHEPPARD. Is that confined to the packers or is it true of the wholesalers?

Mr. KUSHNER. The packers all have about the same price and the wholesalers all have about the same price, but a few jobbers in Washington will sell you slightly cheaper if you go after the stuff and carry it away yourself. Maybe they will make a difference of about 1 cent if you will go and get the stuff and carry it away yourself.

SENATOR SHEPPARD. In your experience with wholesale prices—do they show an upward trend, or is it going down now?

Mr. KUSHNER. Well, I must say that they are on the advance, in fact they are. Take soap. It advanced the past 30 days a dollar

a box. And many other commodities have advanced. Coffee has advanced.

Senator SHEPPARD. Rice?

Mr. KUSHNER. Rice has advanced. I don't know of anything that has not advanced.

Senator SHEPPARD. Do you mean advanced over three months ago or over last year?

Mr. KUSHNER. Oh, well, I mean over three months ago.

Senator SHEPPARD. As a rule, are the prices as high as they were last year?

Mr. KUSHNER. I think they are higher.

Senator SHEPPARD. You do?

Mr. KUSHNER. Yes, sir. That is my opinion about it.

Senator SHEPPARD. That is all, thank you.

Mr. KUSHNER. I want to make a statement to the committee.

Senator SHEPPARD. We will be glad to hear anything you want to say.

Mr. KUSHNER. My opinion about the high cost of living is this: If the Senate committee of the United States investigating the high cost of living would introduce a bill in Congress to stamp out these big corporations from spending thousands and thousands of dollars in advertising, that would help a great deal in the reduction and in the cost of living. We all know very well that Armour Packing Co. is putting up oats, in the name of "Armour Oats." It is the same as Quaker Oats.

Armour spends thousands of dollars advertising his oats and putting them on the market, and the American public pays for it. The Quaker Oats Manufacturing Co. is afraid that Armour will take the market away from them. It is doubling the expense of advertising and doubling the price of sending their solicitors out to get the business. That also raises the price of production and distribution and the American people have to pay for it. The consumer pays for everything. The manufacturer will always go to work and add so much for the expense, and naturally the price goes up. And then an investigation is made, and they throw the blame on the retailer. The retailer is getting nothing. I have been in business 18 years, and all I have made is \$5,000. My wife is working and I work, and I have a little boy 6 years old who helps deliver to the customers. He is only 6 years old. That is what we get out of our retailing.

Senator SHEPPARD. We are very glad to have your testimony on the line.

Mr. KUSHNER. Thank you very much.

TESTIMONY OF L. HODDES.

(The witness was duly sworn by Senator Sheppard, presiding in presence of Chairman Ball and Senator Capper.)

Mr. MILLER. You may give your full name and place of business.

Mr. HODDES. Leopold Hoddes; 1400 Pennsylvania Avenue SE.

Mr. MILLER. Can you give the committee the total amount of capital you have invested in your business?

Mr. HODDES. About \$3,000.

Mr. MILLER. How long have you been in business?

Mr. HODDES. About 9 years.

Mr. MILLER. Are you able to give the committee any figures showing how much business you have done and profit you have made thereon?

Mr. HODDES. I guess it runs about \$18,000 a year.

Mr. MILLER. A little more specifically. When did you do that business? In what year did you do that business?

Mr. HODDES. I do it generally.

Senator SHEPPARD. He says he averages that from year to year.

Mr. HODDES. Yes, sir; from year to year.

Mr. MILLER. What is your profit?

Mr. HODDES. About 15 per cent on that, from 12 to 15.

Senator SHEPPARD. Is that net or do you have to take the expenses out of that?

Mr. HODDES. That is net. I don't take anything out of that.

Senator SHEPPARD. Do you pay rent or do you own your place?

Mr. HODDES. I am buying the place.

Mr. MILLER. Give us the price you pay for these articles, whether it is per case or per can, and how many in the case, and what you sell to the public for.

Mr. HODDES. Yes, sir.

Mr. MILLER. Sugar?

Mr. HODDES. I buy sugar for 10 cents and sell it for 11.

Mr. MILLER. Per pound?

Mr. HODDES. Per pound.

Mr. MILLER. Flour?

Mr. HODDES. I buy flour for 43 cents a bag and I get 50 cents.

Mr. MILLER. You don't buy any flour in barrels?

Mr. HODDES. I buy a half a barrel sometimes. I don't keep very much.

Senator SHEPPARD. You pay 43 cents a bag and sell it for 50 cents a bag?

Mr. HODDES. Yes, sir.

Mr. MILLER. Canned vegetables, peas?

Mr. HODDES. I pay \$2.50 a dozen cans and sell them for 25 cents a can, and some peas I get for \$1.60 and sell them for 18 cents.

Mr. MILLER. Corn?

Mr. HODDES. I pay \$1.60 a dozen cans and I get 18 cents a can.

Senator SHEPPARD. A dollar and sixty a dozen cans?

Mr. HODDES. Yes, sir.

Mr. MILLER. Corn meal?

Mr. HODDES. I pay $4\frac{1}{2}$ cents and I get 6 cents.

Mr. MILLER. Four and a half cents for what?

Mr. HODDES. Per pound.

Mr. MILLER. Shredded Wheat?

Mr. HODDES. I pay $11\frac{1}{2}$ cents a box and I get 15 cents a box.

Mr. MILLER. Corn Flakes?

Mr. HODDES. I pay $11\frac{1}{2}$ cents a box and get 15 cents a box.

Mr. MILLER. Puffed rice?

Mr. HODDES. The same amount.

Mr. MILLER. Oat meal?

Mr. HODDES. I pay $10\frac{1}{2}$ cents and get 18 cents a box.

Mr. MILLER. Cream of wheat?

Mr. HODDES. I pay $21\frac{1}{2}$ cents a box and I get 25 cents a box.

Mr. MILLER. Rice?

Mr. HODDES. I pay $11\frac{1}{2}$ cents a pound and I get 15 cents a pound.

Mr. MILLER. Sardines?

Mr. HODDES. I pay $5\frac{1}{2}$ cents and I get 7 cents a tin.

Mr. MILLER. Salmon?

Mr. HODDES. I pay $2\frac{1}{2}$ and get 3 cents a tin.

Mr. MILLER. Salt?

Mr. HODDES. I pay $4\frac{1}{4}$ a bag and get 5.

Mr. MILLER. Lima beans?

Mr. HODDES. I don't remember. I believe I pay 15 cents a pound and I get 18.

Mr. MILLER. Sirup?

Mr. HODDES. I pay $12\frac{1}{2}$ cents a can and get 15.

Mr. MILLER. Canned beans?

Mr. HODDES. I pay \$1.35 a dozen cans and I get 15 cents a can.

Mr. MILLER. Do you maintain a delivery service?

Mr. HODDES. Yes, sir.

Mr. MILLER. Consisting of what?

Mr. HODDES. I have a little boy with a wagon and I got a machine; a machine and wagon.

Mr. MILLER. Do you do a cash and credit business?

Mr. HODDES. Yes, sir.

Mr. MILLER. Proportionately, how much of each?

Mr. HODDES. About 50 per cent; about 50-50.

Mr. MILLER. Have you any observations you want to make?

Mr. HODDES. I know I am losing money sometimes on bad bills.

Senator SHEPPARD. Are wholesale prices going down or gradually going up over last year?

Mr. HODDES. Eggs went up. I paid 47 cents two weeks ago, and I paid yesterday 49.

Senator SHEPPARD. Do you remember what you paid this time last year?

Mr. HODDES. I don't remember exactly.

Senator SHEPPARD. Did you pay that much at any time last year?

Mr. HODDES. Yes, sir; during the war I paid as high as 70 cents—from 70 to 75 cents for fresh eggs. I haven't paid that much since that. Last week butter was 60 cents and now it is 62.

Senator SHEPPARD. During the war?

Mr. HODDES. No, sir; lately, a couple of weeks ago.

Senator SHEPPARD. During the last two or three months, have wholesale prices gone up again?

Mr. HODDES. On some articles. The wholesalers always tell you, they will try to force you to buy some goods, because they say it is going up, and I ask him how he knows, and he says, "You will see. You just watch." Libby's best salmon was \$2.75 a dozen last week, and then it went up to \$3.10. The wholesaler always tries to scare you that you should buy their stuff, or it will go a little higher. Our capital is not enough to buy a large amount. If we should not buy it, we pay a higher price for it.

Senator SHEPPARD. Have you got any suggestions to offer? Is there anything that Congress might do to help the situation?

Mr. HODDES. Of course, they might do something.

Senator SHEPPARD. We would like to get your opinion.

Mr. HODDES. In my estimation I can't see what Congress can do for this situation for the reason, the wholesalers and manufacturers keep it up. There may be some way to prevent it. For instance I buy salmon for \$2.75 a dozen one week, and the next week they tell me it is \$3.10. I can't understand how they do it. I don't know whose fault it is, manufacturer or wholesaler. They come around and tell you that. Of course, they blame the middle fellow for the high prices. We don't do it. We just make a living. If any of you gentlemen come to our store and you can see we sometimes buy a different kind of vegetable for 30 cents a dozen, buy 10 dozen of them and only sell 6 dozen. We have to use them up. That is all I have got to say.

TESTIMONY OF DAVID A. MILLER.

(The witness was duly sworn by Senator Sheppard, presiding in absence of Chairman Ball and Senator Capper.

Mr. MILLER. You may state your full name.

Mr. D. A. MILLER. David A. Miller.

Mr. MILLER. And your place of business?

Mr. D. A. MILLER. 1200 Potomac Avenue SE.

Mr. MILLER. And your business?

Mr. D. A. MILLER. Groceries and meats, etc.

Mr. MILLER. Do you own or rent your place?

Mr. D. A. MILLER. I rent it.

Mr. MILLER. Has your rent gone up recently?

Mr. D. A. MILLER. I just started the place about three months ago.

Mr. MILLER. How long have you been in business?

Mr. D. A. MILLER. Eight years.

Mr. MILLER. Can you tell the committee the amount of capital you have invested?

Mr. D. A. MILLER. \$3,000.

Mr. MILLER. Have you figures to give the committee an idea of the volume of business you do and the profit thereon?

Mr. D. A. MILLER. I could for the last three months. I couldn't give you any idea for the last year, because I did very little business last year.

Mr. MILLER. You don't keep books?

Mr. D. A. MILLER. Yes, sir. I don't keep a bookkeeper.

Mr. MILLER. Do you know how much money you make from year to year?

Mr. D. A. MILLER. I couldn't tell you from year to year. I could tell you for the last three months.

Senator SHEPPARD. What did you make last year?

Mr. D. A. MILLER. I am in business five years and I have made \$3,000.

Mr. MILLER. In those five years?

Mr. D. A. MILLER. In those five years. I came over here three months ago.

Mr. MILLER. Do you know how much the total volume of business is in dollars?

Mr. D. A. MILLER. I don't understand.

Senator SHEPPARD. What did you make the last three months?

Mr. D. A. MILLER. I didn't see the books on that. I think it was about 15 per cent.

Senator SHEPPARD. A gross profit of 15 per cent?

Mr. D. A. MILLER. Yes, sir.

Senator SHEPPARD. And out of that you take your expenses?

Mr. D. A. MILLER. No, sir; that is clear profit.

Mr. MILLER. Read into the record the amounts for which you buy these various articles, and what you get from the public for them?

Mr. D. A. MILLER. I bought very little groceries. There are very few groceries I bought.

Senator SHEPPARD. What are you dealing in now?

Mr. D. A. MILLER. All kinds of groceries and meats. I have a stock on hand.

Senator SHEPPARD. Give us the names of the articles you deal in.

Mr. D. A. MILLER. Meats, groceries, and produce, such as that.

Mr. MILLER. What do you pay for sugar, and what do you sell it for?

Mr. D. A. MILLER. I pay \$9.65 and \$9.85 a hundred, and I sell it for \$10.50 and \$11.

Mr. MILLER. Flour?

Mr. D. A. MILLER. I pay \$13.90 a barrel, and I get \$16 for it.

Mr. MILLER. Canned peas?

Mr. D. A. MILLER. I paid 12½ cents a can, and I get 15 cents a can.

Mr. MILLER. Tomatoes?

Mr. D. A. MILLER. I didn't buy any tomatoes lately. I sell them for 18 cents a can.

Mr. MILLER. Corn?

Mr. D. A. MILLER. I have it in stock.

Mr. MILLER. What do you get for it?

Mr. D. A. MILLER. Sixteen cents a can.

Mr. MILLER. Oat meal?

Mr. D. A. MILLER. I had it in stock. I get 12 cents a box for it. I haven't bought any lately.

Mr. MILLER. How long have you had that in stock?

Mr. D. A. MILLER. I just bought my stuff three months ago.

Mr. MILLER. Shredded Wheat?

Mr. D. A. MILLER. I have none at all.

Mr. MILLER. Corn Flakes?

Mr. D. A. MILLER. I sell the Corn Flakes at 12 cents a box. I pay a little over 10½.

Mr. MILLER. Rice?

Mr. D. A. MILLER. I sell it for 14 cents a pound. I sold all my rice for 12½ cents a pound, and every day some people come around and ask to buy it at 10 cents a pound. The next time the wholesale men say, "Mr. Miller, rice will advance to 15 cents." I say, "Not long ago I paid 9 cents and now I pay 14."

Mr. MILLER. Sardines?

Mr. D. A. MILLER. I pay 6½ cents and sell them for 8.

Mr. MILLER. Per can?

Mr. D. A. MILLER. Yes, sir.

Mr. MILLER. Salmon?

Mr. D. A. MILLER. I pay \$1.90 a dozen cans, and I get 23 cents a can.

Mr. MILLER. Salt?

Mr. D. A. MILLER. I pay $5\frac{1}{2}$ cents a bag and sell it for 7.

Mr. MILLER. Canned beans?

Mr. D. A. MILLER. I paid $\$1.27\frac{1}{2}$ a dozen, and I get $12\frac{1}{2}$ cents a can.

Mr. MILLER. Sirup?

Mr. D. A. MILLER. I pay $12\frac{1}{2}$ cents a can and I get 15.

Mr. MILLER. Lima beans?

Mr. D. A. MILLER. I paid 14 cents a pound, and I sell them for 18.

Senator SHEPPARD. What do you pay for meats?

Mr. D. A. MILLER. It depends on the quality.

Senator SHEPPARD. Well, your best quality.

Mr. D. A. MILLER. You see, I handle medium.

Senator SHEPPARD. You handle medium grade of meats?

Mr. D. A. MILLER. Yes, sir.

Senator SHEPPARD. What do you pay for that?

Mr. D. A. MILLER. I went to Armour & Co. yesterday to price their ham, and they told me 22 cents.

Senator SHEPPARD. Is that an increase over last week?

Mr. D. A. MILLER. I said I wouldn't pay the price, and I started away, and they said to come back, and they sold it to me for 18 cents.

Senator SHEPPARD. What do you get for that?

Mr. D. A. MILLER. After that they say, "You are a cheap so-and-so and just want it for nothing." That shows you how much profit they are making. If you look around, you can get it sometimes a little cheaper.

Senator SHEPPARD. What do you get for that?

Mr. D. A. MILLER. I am selling it for 27 cents a pound.

Senator SHEPPARD. Do you deal in eggs?

Mr. D. A. MILLER. Yes, sir.

Senator SHEPPARD. What do you pay for them?

Mr. D. A. MILLER. 53 cents.

Senator SHEPPARD. What do you get for them?

Mr. D. A. MILLER. 58 cents.

Senator SHEPPARD. And what do you pay for butter?

Mr. D. A. MILLER. 61 cents.

Senator SHEPPARD. What do you get for it?

Mr. D. A. MILLER. 67 cents.

Senator SHEPPARD. Do you find prices going up or down?

Mr. D. A. MILLER. Up.

Senator SHEPPARD. Ever since you have been in business?

Mr. D. A. MILLER. Yes, sir.

Senator SHEPPARD. Nearly all prices?

Mr. D. A. MILLER. Yes, sir.

Senator SHEPPARD. Have you any suggestions to make about handling the situation, as to what Congress might do?

Mr. D. A. MILLER. I couldn't tell you anything about that. I know everything is awful high.

Senator SHEPPARD. Where do you think the blame is?

Mr. D. A. MILLER. I think the blame is with the packers and wholesale houses.

Senator SHEPPARD. Why do you think that?

Mr. D. A. MILLER. It looks like they all get together and have one price. You go from one house to another and you don't see any difference.

Senator SHEPPARD. I see. That has been brought out to-day by several witnesses. That is all. Thank you.

TESTIMONY OF J. W. DIXON.

(The witness was duly sworn by Senator Sheppard, presiding in absence of Chairman Ball and Senator Capper.

Mr. DIXON. I don't handle any groceries. I handle meats.

Senator SHEPPARD. That is all right. We will ask you about those.

Mr. MILLER. You may state your name and place of business.

Mr. DIXON. J. W. Dixon, 901 Eleventh Street SE.

Mr. MILLER. What do you deal in.

Mr. DIXON. I deal in beef, pork, veal.

Mr. MILLER. Any vegetables?

Mr. DIXON. I handle a little, but not much. It is mostly meats. I kill all of my own stuff. I am a butcher by trade.

Mr. MILLER. I will get to that in a moment. Do you own or rent your place of business?

Mr. DIXON. Rent.

Mr. MILLER. Has your rent gone up lately?

Mr. DIXON. No, sir. They wanted to raise the rent, but we went to court about it and the court decided they would not raise the rent on me. They didn't work for the Government, but they tried to put me out.

Mr. MILLER. Can you give the committee the amount of capital you have invested in your business?

Mr. DIXON. Sometimes I have a right smart invested, and then again I don't have so much. It depends on how much meat I have on hand.

Mr. MILLER. Do you slaughter all your beef?

Mr. DIXON. Most all of it.

Mr. MILLER. Give the committee very briefly the system of operation.

Mr. DIXON. The cost of it?

Mr. MILLER. Yes.

Mr. DIXON. Sometimes it cost me 20 cents a pound, sometimes it cost me 15.

Senator SHEPPARD. Where do you get your live stock?

Mr. DIXON. Through the country.

Senator SHEPPARD. Close to Washington?

Mr. DIXON. Virginia and Maryland.

Mr. MILLER. Do you buy through agents?

Mr. DIXON. No, sir.

Mr. MILLER. You go out yourself?

Mr. DIXON. Yes, sir.

Mr. MILLER. And buy stock ahead of time on the hoof?

Mr. DIXON. Yes, sir. Sometimes you catch the market right and sometimes you don't.

Senator SHEPPARD. Do you buy by the pound or head?

Mr. DIXON. Sometimes one way and sometimes the other.

Senator SHEPPARD. Where do you bring it when you buy it?

Mr. DIXON. Most of the time we kill at Bennings. Sometimes I buy a little stuff from Armour.

Senator SHEPPARD. Can you slaughter your own stock and sell it here cheaper than the packers can bring it here?

Mr. DIXON. Well, a little cheaper; not much.

Senator SHEPPARD. Not much?

Mr. DIXON. No, sir.

Mr. MILLER. How far ahead do you have to make your purchases of cattle on the hoof?

Mr. DIXON. Sometimes I kill a week or 10 days ahead of time.

Mr. MILLER. How far ahead do you have to go out and buy cattle?

Mr. DIXON. I buy every week.

Mr. MILLER. Do you ship it in carload lots or less?

Mr. DIXON. Sometimes carloads and sometimes not. We drive most of them in over the road.

Mr. MILLER. You drive them in?

Mr. DIXON. Yes, sir.

Mr. MILLER. Can you give the committee the volume of business you have done?

Mr. DIXON. I have only been there about 8 months. When I came there them fellows around there were getting as high as 50 cents a pound for round steak. They have cut it down a whole lot. They were getting 50 and 60 cents for pork chops.

Mr. MILLER. How big a trade have you?

Mr. DIXON. It has dropped off a whole lot in the summer months. People eat more vegetables and stuff like that in the summer time. In the winter time they eat more meats, you know.

Mr. MILLER. You have no figures to show the volume of business you have done?

Mr. DIXON. No, sir; that fellow didn't let me know until 5 o'clock yesterday evening.

Senator SHEPPARD. How long have you been in business?

Mr. DIXON. About 8 months. I was in that draft, and I didn't know what time they would call on me.

Senator SHEPPARD. Do you know how much business you have done in those 8 months?

Mr. DIXON. Of course; I could go home and get it.

Senator SHEPPARD. You could not say about what it is?

Mr. DIXON. No, sir.

Senator SHEPPARD. Do you know about what money you have made in those eight months, net to yourself? You have some idea about that, have you not? You know how much money you have in the bank now, if any, do you not?

Mr. DIXON. I don't do much banking.

Senator SHEPPARD. Have you any money at all now?

Mr. DIXON. Yes, sir. Of course, it takes money to buy cattle.

Senator SHEPPARD. How much more have you now than you had eight months ago?

Mr. DIXON. I couldn't say exactly.

Senator SHEPPARD. You do not know about how much per month you have made?

Mr. DIXON. Some months I make a right good month.

Senator SHEPPARD. How much do you make in a good month?

Mr. DIXON. Take expenses in all, about \$100 a month.

Senator SHEPPARD. That is a good month?

Mr. DIXON. Yes, sir.

Senator SHEPPARD. Do you think if you had ample capital you could, by pursuing your system of buying cattle, bring cattle here and slaughter them and undersell these packers?

Mr. DIXON. Oh, sure you can.

Senator SHEPPARD. And that would be better for the people here if that was done, would it not?

Mr. DIXON. Certainly it would be a whole lot better if the people would buy it right here; but lots of them will not buy it.

Senator SHEPPARD. Lots of them will not buy from you because you slaughter here?

Mr. DIXON. Yes, sir. I went to work right after this war broke out. I thought I might as well work, unless I was drafted. You see, I wouldn't have to fall back. I could go right along.

Senator SHEPPARD. Who owns the slaughterhouse at Bennings?

Mr. DIXON. T. T. Keane.

Senator SHEPPARD. Do other people kill there, like you do, and sell on this market?

Mr. DIXON. Oh, yes. Sometimes there are 8 or 10 kill out there in a week. We have got another slaughterhouse. Sometimes I kill at Bennings and sometimes I kill at Bradbury Heights, right across from Bennings.

Mr. MILLER. How much does your beef, dressed, cost you per hundred?

Mr. DIXON. Sometimes around 15 cents a pound; and I have killed it as low as 12.

Senator SHEPPARD. That is much cheaper than the packers can do it, is it not?

Mr. DIXON. Oh, yes.

Senator SHEPPARD. With their great volume of business?

Mr. DIXON. Yes, sir.

Senator SHEPPARD. As a matter of fact, if more people would engage in the same system you are engaged in, would it not be encouraging for the farmers around here to raise more cattle for this market?

Mr. DIXON. Sure it would. The way stuff is selling now you pay 10 cents a pound alive, and it won't stand you over 12½ or 15 cents a pound. Some weeks we have better than that. In the winter you sell more rough stuff, like soup bones or roast beef, and stuff like that, you see.

Senator SHEPPARD. Have cattle on the hoof gone up or down within the last three months?

Mr. DIXON. I go through the country and buy them, so much a head.

Senator SHEPPARD. That is what I mean. Have they gone up or down?

Mr. DIXON. Sometimes you can buy them right cheap and sometimes you can't.

Senator SHEPPARD. Are they higher than they were three months ago or lower?

Mr. DIXON. Just as high.

TESTIMONY OF A. FREEDMAN.

(The witness was duly sworn by Senator Sheppard, presiding in absence of Chairman Ball and Senator Capper.

Mr. MILLER. You may state your name and place of business.

Mr. FREEDMAN. 512 Sixth NE.

Mr. MILLER. And what is your business?

Mr. FREEDMAN. Groceries and meats and vegetables.

Mr. MILLER. Do you own or rent your store?

Mr. FREEDMAN. I rent the store.

Mr. MILLER. Has your rent gone up recently?

Mr. FREEDMAN. When I bought that place I had a lease for five years. I am now there four years and the rent has not raised. I am supposed to have a 5-year privilege. That would be 10 years. Mr. Allwine, the man I rent from, he came around to me and he said "Why don't you buy this place?" I said, "Four years ago you asked \$8,000 for it, and now you want more." He says, "Freedman, why don't you buy it?" I said, "How much do you want for it?" He said, "\$12,000." I said, "You only asked \$8,000 four years ago. You didn't pay anything extra on the building." I said, "I have got six more years to stay here at the same rent." He said, "No; you have only got one more year to stay here at the same rent, and after that," he says, "we can raise your rent to anything we want to."

Mr. MILLER. What is the name of the man you rent from?

Mr. FREEDMAN. J. H. Allwine.

Mr. MILLER. And his address?

Mr. FREEDMAN. 513 Twelfth Street NE.

Mr. MILLER. What amount of capital have you invested in your business?

Mr. FREEDMAN. About three or four thousand dollars.

Mr. MILLER. How long have you been in that business?

Mr. FREEDMAN. All together about seven years, four years where I am now.

Mr. MILLER. Can you give the committee the amount of business you have done and your profits on it?

Mr. FREEDMAN. I don't know. I could give you the amount of business, but I don't think there is very much profit in it.

Senator SHEPPARD. You have made a living at it?

Mr. FREEDMAN. I have made a living at it; that is all.

Senator SHEPPARD. But you have no net capital now?

Mr. FREEDMAN. Very little. I work from 5 in the morning until 6 in the evening, and deliver orders, and do work myself, and after the year is over I don't see any net profit.

Senator SHEPPARD. How much business did you do last year?

Mr. FREEDMAN. I guess I averaged about \$3,000 a month, or a little more.

Senator SHEPPARD. About thirty to thirty-six thousand dollars a year?

Mr. FREEDMAN. Yes, sir.

Senator SHEPPARD. And how much did you have at the end of the year, after expenses were paid?

Mr. FREEDMAN. I don't know.

Senator SHEPPARD. As much as \$1,000 clear money?

Mr. FREEDMAN. No, sir.

Mr. MILLER. Do you sell the groceries that I have been calling off to other witnesses?

Mr. FREEDMAN. Yes, sir.

Mr. MILLER. Will you let us know what you pay for them and what you sell them for?

Mr. FREEDMAN. Yes, sir.

Mr. MILLER. Give the price you paid for them first, and then what you sell them for.

Mr. FREEDMAN. Yes, sir.

Mr. MILLER. Sugar?

Mr. FREEDMAN. I buy it for \$9.65 and sell it for 11 cents.

Mr. MILLER. Give the pound, or whatever it is.

Mr. FREEDMAN. I buy it for \$9.65 a hundred and sell it for 11 cents a pound.

Mr. MILLER. Flour?

Mr. FREEDMAN. I buy it for 85 cents for the sack, and we get 95 cents, 12-pound sacks.

Mr. MILLER. Canned peas?

Mr. FREEDMAN. We sell them for 20 cents, and they cost me 15 or 6 cents a can.

Mr. MILLER. Give what it cost you first and then what you sell it for.

Mr. FREEDMAN. All right.

Mr. MILLER. Tomatoes?

Mr. FREEDMAN. I buy them for \$2.25 a dozen cans and I get 25 cents a can. That stands me 19½ cents a can.

Mr. MILLER. Corn?

Mr. FREEDMAN. I buy that for \$1.95 a dozen cans and I get 25 cents a can.

Mr. MILLER. Cereals, shredded wheat?

Mr. FREEDMAN. I buy it for 12½ cents and sell it for 15.

Mr. MILLER. Per what?

Mr. FREEDMAN. Package.

Mr. MILLER. Corn Flakes?

Mr. FREEDMAN. They cost me \$1.10 a dozen and I sell them two for 5 cents.

Mr. MILLER. Rice?

Mr. FREEDMAN. It cost me 13 cents and I sell it for 17 cents a pound.

Mr. MILLER. Cream of Wheat?

Mr. FREEDMAN. I buy it for 21 cents and sell it for 25 cents a package.

Mr. MILLER. Sardines?

Mr. FREEDMAN. I have only a few. They cost me about 15 cents and I get 20 cents a box.

Mr. MILLER. Salmon?

Mr. FREEDMAN. They cost me \$3.25 a dozen cans, and I sell them for 32 and 35 cents a can.

Mr. MILLER. Salt?

Mr. FREEDMAN. I buy it for 6 cents a bag and I get 8.

Mr. MILLER. Sirup?

Mr. FREEDMAN. I buy it for 12½ cents a can and I get 15.

Mr. MILLER. Canned beans?

Mr. FREEDMAN. I buy it for \$1.30 and get 15 cents a can.

Senator SHEPPARD. Meats?

Mr. FREEDMAN. I handle the very best meats. I don't think I could get my money back. We have got to handle the best meats. We pay from 30 to 32 cents for hind quarters. I have been trying to mark down every time how much I sell, to find out if I could make anything, but all I know is I am losing a dollar or two and sometimes I make a dollar, but not any more. On \$50 investment I may make a dollar, sometimes nothing.

Senator SHEPPARD. Do these packers make you pay what they say you ought to pay for it?

Mr. FREEDMAN. Yes, sir; they make you pay all right. We get so much waste. There is a whole lot of bone and everything like that. They don't give you anything off for that. For the best meat I get 50 and 55 cents a pound, and if it is not the very best I have to sell it for 40 cents.

Senator SHEPPARD. Bread?

Mr. FREEDMAN. I pay 7 cents and I get 8.

Senator SHEPPARD. Per loaf?

Mr. FREEDMAN. Yes, sir.

Senator SHEPPARD. What do people buy most of, who come to your store?

Mr. FREEDMAN. Well, I don't know. They buy about the same. Of course they change around sometimes, you know. I don't know; it is about the same all the way.

Senator SHEPPARD. They buy something of everything you have?

Mr. FREEDMAN. They buy something of everything I have.

Senator SHEPPARD. Are prices going up or down in the last three months, wholesale prices?

Mr. FREEDMAN. I would say meat prices are going up.

Senator SHEPPARD. Wholesale prices?

Mr. FREEDMAN. Yes, sir; they have gone up since the armistice.

Senator SHEPPARD. Since the armistice.

Mr. FREEDMAN. Yes, sir.

Senator SHEPPARD. Last November?

Mr. FREEDMAN. Yes, sir.

Senator SHEPPARD. Are they higher than they were during the war?

Mr. FREEDMAN. I believe some of them are higher than they were during the war.

Senator SHEPPARD. You do?

Mr. FREEDMAN. Yes, sir. All kinds of sirups are higher than they were last year.

Senator SHEPPARD. What else?

Mr. FREEDMAN. Rice is higher, coffee is pretty near double price.

Senator SHEPPARD. What else?

Mr. FREEDMAN. Yesterday I bought some soap powder. I used to pay \$4.75 to \$5. I paid \$6.50. I never paid any more than \$5 before. I paid \$6.50, and they said I got a bargain. I think it was too much. I couldn't help it. I had to have it.

Senator SHEPPARD. You are paying more for the things you have to live on, clothing and hats and shoes?

Mr. FREEDMAN. Yes, sir; everything costs you more.

TESTIMONY OF H. F. BECK.

(The witness was duly sworn by Senator Sheppard, presiding in absence of Chairman Ball and Senator Capper.

Mr. MILLER. You may give your name and place of business.

Mr. BECK. H. F. Beck, 2903 M Street NW.

Mr. MILLER. What is the name of your firm?

Mr. BECK. Henry F. Beck.

Mr. MILLER. Are you incorporated?

Mr. BECK. No, sir.

Mr. MILLER. Can you give the volume of business you have done here?

Mr. BECK. I have only been in business over there about four years. Last year was a real good year. The influx of population in that section of the city made the business run about \$18,000.

Mr. MILLER. Have you the figures here on that?

Mr. BECK. No, sir; but I have them at home. I only run a small retail business.

Senator SHEPPARD. Bread business?

Mr. BECK. Bread, cakes, and pies.

Senator SHEPPARD. What were your profits?

Mr. BECK. My net profits were about \$1,100 last year.

Mr. MILLER. How much was your volume of business?

Mr. BECK. \$18,000. That is, working on an average of 12 to 14 and 16 hours a day, Mrs. Beck and I, and I have an old gentleman who helps me some.

Mr. MILLER. Where do you buy your supplies from?

Mr. BECK. From the dealers in Washington.

Mr. MILLER. Name them?

Mr. BECK. Wilkins, Rogers Milling Co., Golden & Co., B. B. Earnshaw, J. H. Wilkins, and a few minor supplies from houses in Baltimore.

Mr. MILLER. Do you do your own baking entirely?

Mr. BECK. Yes, sir.

Senator SHEPPARD. You made \$1,100 last year after taking out your living expenses?

Mr. BECK. Yes, sir.

Mr. MILLER. Has the price of your raw materials gone up materially?

Mr. BECK. Yes, sir. In the last month flour and lard and eggs and butter have advanced.

Senator SHEPPARD. Are they higher than they were last year or during the war?

Mr. BECK. At one period during the war flour advanced considerably. I have paid as high as \$15 a barrel during the war at one time. Now I pay \$12.50. I had to close up the 17th on account of my oven being out of order.

Senator SHEPPARD. What are you selling bread for now?

Mr. BECK. I sell a 14-ounce loaf for 8 cents.

Senator SHEPPARD. What do you figure that costs you?

Mr. BECK. I have never figured it down that close.

Senator SHEPPARD. What profit do you figure on it?

Mr. BECK. About 15 to 18 per cent.

Senator SHEPPARD. Net profit?

Mr. BECK. No, sir; that is gross profit.

Senator SHEPPARD. Gross profit?

Mr. BECK. Yes, sir.

Senator SHEPPARD. The committee will adjourn until Monday 2 o'clock, at which time we will take up the question of rents.

(Thereupon, at 4.40 o'clock p. m., the committee adjourned on Monday, August 25, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA

HEARING

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

S. RES. 150

**DIRECTING THE COMMITTEE ON THE DISTRICT OF COLUMBIA
TO MAKE INVESTIGATION OF PRICES, RENTS, AND RE-
LATED SUBJECTS IN THE DISTRICT OF COLUMBIA.**

PART 6

Printed for the use of the Committee on the District of Columbia



**WASHINGTON
GOVERNMENT PRINTING OFFICE
1919**

COMMITTEE ON THE DISTRICT OF COLUMBIA.

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HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

MONDAY, AUGUST 25, 1919.

UNITED STATES SENATE, SUBCOMMITTEE OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m. in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Present also: Mr. Thomas W. Miller.

Chairman BALL. The committee will come to order. Ladies and gentlemen, to-day we will take up the question of rents. We will have a great many witnesses to testify, and we would like each one of you to make your testimony just as short and concise as possible, but making clear the complaint which you think you have against the undue prices charged you in rents. We do not want to cut you off, but we want to get along as rapidly as we can, in order that we may be able to recommend as soon as possible whatever legislation we deem to be necessary in the matter, so as to have it passed at an early date, in order to protect you. We want all the concise evidence that you can give us, but we want it given in short terms which will clearly express what you want. Is Dr. Bulloch present?

Dr. BULLOCH. Yes, sir.

Chairman BALL. We will first have Dr. Bulloch.

TESTIMONY OF DR. J. G. B. BULLOCH.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Dr. Bulloch, will you give your name and address?

Dr. BULLOCH. My name is Dr. J. G. B. Bulloch. I reside at the Octavia, 1669 Columbia Road.

Mr. MILLER. Doctor, you are one of the citizens of the District who have either written to the committee or complained to the committee of the treatment you have been receiving from your landlord?

Dr. BULLOCH. Yes, sir.

Mr. MILLER. Will you follow out Chairman Ball's suggestion and state to the committee as briefly and concisely as possible your complaint, and then we want to ask you several question?

Dr. BULLOCH. I went to the establishment about three years ago, and the rent was \$60 a month. The establishment is not a first-class one. The landlord does not keep it in perfect order and the rooms occupy are extremely hot in the summer time. Besides that there are great many insects in the house. The landlord the other day in-

formed me that my rent from the 1st of October would be increased from \$60 to \$90.

Chairman BALL. Did he give you a written notice?

Dr. BULLOCH. No; he came to me and told me verbally.

Chairman BALL. Well, he stated it would be increased from \$60 to \$90 a month?

Dr. BULLOCH. Yes. I said I did not think I could afford to pay it. He said, "If you had paid the \$10 last year that I wanted you to pay"—I accepted the Saulsbury law—"you would not have to pay the \$20 now."

Chairman BALL. It is your opinion, then, that those who refused to pay the advanced rent and took the protection as guaranteed by Congress in the Saulsbury law must now suffer?

Dr. BULLOCH. It looks so in my case anyway, sir.

Chairman BALL. That evidence is what we want. Have there been any improvements made in the apartment?

Dr. BULLOCH. No; he does not do anything to our place at all. I do not think he does to the rest. The place is rather miserably kept, and others will testify to the same thing.

Chairman BALL. Do you have a janitor?

Dr. BULLOCH. Yes; but the thing is miserably run.

Chairman BALL. Do you know what they pay the janitor?

Dr. BULLOCH. No; I do not. I never have ascertained the pay.

Chairman BALL. You do not know whether they have increased his salary or not?

Dr. BULLOCH. I do not know, sir.

Chairman BALL. There has apparently been no improvement made in the apartment, yet they have advanced the charge for your rent.

Mr. MILLER. Dr. Bulloch, will you give the name of the landlord?

Dr. BULLOCH. He is the agent for his sister, both of whom live in the house. He is Mr. Flint. I forget his initials.

Mr. MILLER. Can you not give us their full names?

Dr. BULLOCH. I forget his initials just at the present moment.

Mr. MILLER. Mr. Flint is landlord and owner?

Dr. BULLOCH. He is the agent and the owner is Mrs. Barrett, his sister. They both live in the house.

Mr. MILLER. When did you first commence paying \$60 a month?

Dr. BULLOCH. About four years ago when I first went there.

Mr. MILLER. You went there in 1915 and they charged you \$60 a month?

Dr. BULLOCH. Yes.

Mr. MILLER. And you have paid that consistently right along?

Dr. BULLOCH. Yes; right along.

Mr. MILLER. How many rooms have you?

Dr. BULLOCH. There is a point that I will have to explain a little. We have only one bathroom. We have eight rooms, so called, but one of those rooms is a service room, right on the kitchen, which can neither be rented to anyone nor can it be occupied by any member of the family. The other room is one with curtains which was intended at one time as a library and hence can not be occupied by a tenant or lady on account of the exposure. So I will say that in reality we have six good rooms other than I have explained to you.

Chairman BALL. What did that apartment rent for previous to 1915?

Dr. BULLOCH. The apartment rented for \$55 previous to the time I went in there.

Mr. MILLER. Is it furnished or unfurnished?

Dr. BULLOCH. It is furnished by ourselves.

Chairman BALL. That is what we want—those clear statements—so we may get the concrete evidence.

TESTIMONY OF EDWARD E. BRITTON, VICE PRESIDENT OF THE TENANTS' PROTECTIVE LEAGUE, OF WASHINGTON, D. C.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Britton, will you give your full name and place of residence?

Mr. BRITTON. Edward S. Britton, 901 Twentieth Street Northwest, apartment 8.

Mr. MILLER. You are vice president of the Tenants' Protective League?

Mr. BRITTON. I am.

Mr. MILLER. Will you kindly outline to the committee what the league is and what they are doing in this matter under discussion?

Mr. BRITTON. The Tenants' Protective League is an organization which bases its activities upon these two propositions, which we think ought to be answered in the negative: First, shall rentals advance in proportion to extortionate food prices? and, secondly, shall you bear the landlord's high cost of living and yours? Our purpose is to aid tenants to protect themselves, to act as a sort of general clearing house for such complaints as may reach us from our membership and from friends of our members.

I have with me a little statement of the purposes of the league and its constitution which I will leave with the committee. I want to say just here that the league desires that a number of its members be heard subsequently on the question of attempted increases by landlords. The names of such members will be sent to the subcommittee, with their addresses, by the secretary of the league. They desire to be heard whenever it shall be the pleasure of the committee to hear them. If the committee will advise the secretary of the league, at 312 Columbian Building, this city, or notify me by telephone, such members will be prepared to appear.

(The pamphlet referred to by Mr. Britton and entitled "To tenants," is as follows:)

TO TENANTS—PROTECT YOURSELVES—VITAL INTERESTS AT STAKE.

Consider the following:

1. Shall rentals advance in proportion to extortionate food prices?
2. Shall you bear the landlord's high cost of living, and yours?

The foregoing issues are to be determined. In justice they must be in the negative.

Not a few landlords in Washington, directly or indirectly, through real estate agents, have lately given notice to tenants of rent increases, soon effective, ranging from 30 to 100 per cent, garnished with notices to vacate in 30 days, anticipating proffer of increase by tenant, or suit at law.

Furthermore, real estate owners are importuning owners to list their houses in their sales department, thereby intensifying the profiteering fever. These statements can be verified.

The war over, protective war legislation passed by Congress is of no effect. Therefore, stable remedial legislation becomes more imperative.

Any tenant who has received notice as indicated, whether a member of the league or not, would aid in its "main objects" by advising the secretary thereof.

Complaints of tenants made to the Housing Bureau of the Government during the war were quite significant; therefore, what may be expected with that bureau out of commission and the Salisbury resolution inoperative?

It is fervently hoped that the league's membership may be so increased that its voice may be so strong in both wings of the Capitol during the extra session of Congress that a just revision of the landlord-and-tenant law in the jurisdiction and on equitable and constitutional law regulating rentals shall be passed, the protest of allied opposing organizations to the contrary notwithstanding.

A league of 10,000 of the 60,000 tenants in Washington, representing 8 1/2% of its population, would assure fruition of its objects. So, then, unite in action for even-handed justice.

TENANTS' PROTECTIVE LEAGUE OF WASHINGTON, D. C., EXECUTIVE OFFICES COLUMBIAN BUILDING.

Main objects.

1. Unity against arbitrary demands of landlords, especially when attempts are made to displace reputable and prompt-paying tenants purposely to profiteer in rents.
2. To consider equitable revision of the landlord-and-tenant law in the District of Columbia; and urge legislation concerning rent regulation.
3. To cooperate on matters involving tenancy, and as an organization to meet organizations allied with landlords, with competitive fervor, seeking even-handed justice.
4. To foil actions by landlords not justified by circumstances and law, and to minimize the expense of going to court when necessary.

CONSTITUTION.

ARTICLE 1. Whereas we, white tenants in the District of Columbia, desiring to unite in a league for mutual interest with respect to tenancies, hereby pledge individual cooperation with each other, to the end that even-handed justice shall be meted between landlords and tenants, do hereby form Tenants Protective League of Washington, D. C.

ART. 2. There shall be no financial liability of any member, as such, toward another, or to any outside person, or the league, as such, except for the dues that may be fixed by the by-laws, not exceeding the membership fee of \$2 a year; any funds coming into the league otherwise than from membership fees and dues shall be entirely voluntary, or by way of contributions.

ART. 3. Any white tenant of any building, or part thereof, in the District of Columbia, whether for living or business purpose, shall be eligible to active membership in the league, by signing declaration of membership prescribed by the by-laws of the league; and any white person, whether residing in the District of Columbia or not, shall be eligible to enrollment as a contributing member for any contribution made to the league for its maintenance; and such active or contributing member shall be entitled to a certificate according to such membership, signed by the secretary, or by other officers of the league, as may be prescribed by the by-laws.

ART. 4. By-laws, not inconsistent with this constitution, may be formed for the administration of the principles, or objects of the league, by a majority vote, in person or by proxy, of the members of the league, at any regular meeting, or by an executive board that may be created for the management of the affairs of the league.

ART. 5. This constitution may be altered, or amended, or abrogated by a vote of three-fourths of the members, in person or by proxy, at any regular meeting or special meeting called for the purpose. (Ratified by meeting held in Pythian Temple, 1012 Ninth Street NW., Washington, D. C., Monday, April 14, 1919. Suitable by-laws also adopted.)

If the "main objects" of the league appeal to you it is desired that you sign the "membership declaration" (p. 5), and transmit it without delay, with or without the membership fee. When membership fee is paid, certificate

Membership will be promptly issued from the secretary's office. Address:
 Tenants' Protective League of Washington, D. C., Columbian Building, Wash-
 D. C.

Membership fee, \$2.

No. _____

Annual dues, \$1.

MEMBERSHIP DECLARATION—TENANTS' PROTECTIVE LEAGUE OF WASHINGTON,
 D. C., COLUMBIAN BUILDING.

I hereby become a member of the Tenants' Protective League of Washington,
 with no liability on my part, except for annual dues according to the
 rules of the league.

Notice relating to the District of Columbia landlord and tenant law shall be
 given to members of the league; and for service of the league's attorneys in any
 legal case adjusted, or suit prosecuted or defended involving my tenancy
 in the courts of the District of Columbia, a charge to be made of one-half of
 the usual fees of attorneys for like service. This _____ 1919.

_____ Address _____ City.

Secretary.

OFFICERS.

President, James H. Hanley.

Assistant to president, A. C. Pryor.

First vice president, E. E. Britton.

Second vice president, W. J. Barrows.

Third vice president, Oscar A. Martini.

Secretary-treasurer, Lee Poe Hart.

Assistant secretary, Mrs. E. F. Jaehnke.

Chief attorney, George P. Hart.

General counsel, Gibbs L. Baker.

Executive board.—The president and secretary-treasurer, ex officio; Gibbs L.
 Baker, George P. Hart, A. C. Pryor, E. F. Jaehnke, Louis E. Florey.

Standing committees.—Revision of landlord and tenant law: Gibbs L. Baker,
 J. Campbell, George P. Hart.

Propositions and grievances.—Clarence F. Sowers, E. E. Britton, S. N. Dahl,
 Oscar A. Martini, E. F. Jaehnke.

Membership and extension of league.—A. C. Pryor, Louis E. Florey, John E.
 Hunter, W. G. Hunter, W. D. Sutherland, Daniel F. Brown, J. W. Tyler, Clarence
 Sowers, M. W. Hart, W. W. Collins, Oscar A. Martini, H. E. Giles, A. S.
 Kelly, Mrs. E. F. Jaehnke, Mrs. Hattie Levy, Mrs. S. N. Dahl, Mrs. M. A.
 Quinlan, Mrs. Sarah Brender, Mrs. J. R. Alford.

Mr. MILLER. Have you any names there of landlords or real estate
 agents whom you know to be profiteering?

Mr. BRITTON. I want to first speak of my own case as one in point.
 I moved in September, 1917, to begin with the 1st of October, 1917,
 into an apartment of two rooms, kitchenette, bath, and small hallway, a
 very small third-floor apartment, in a building which has no ele-
 vator service and in which the only outside service is from a janitor
 who looks after such things being sent up as milk and ice and the
 taking down of garbage.

Chairman BALL. Do you furnish your own heat?

Mr. BRITTON. No; the heat and hot water are furnished. I fur-
 nish light and electricity. There is no apartment telephone. The
 rent of this apartment, beginning the 1st of October, 1917, was \$43
 a month, unfurnished. I brought my own furniture from North
 Carolina. In August or September, 1918, I was notified by my land-
 lord that my rent would be increased to \$58 a month, which you will
 see is about 35 per cent. I consulted with the Secretary of the Navy
 and some officials in the Navy Department, as I had to have a place
 to live; there seemed to be no place available, and their advice was to
 stand pat on the Saulsbury resolution. I stood pat, and, therefore,

incurred the general ill-will of my landlord, who informed me that I was trying to treat him dishonorably.

Senator DIAL. What was the term of your lease?

Mr. BRITTON. The lease was for one year. I believe that is the Washington plan—one year. I stood pat on the lease, and several other tenants in the house finding my position followed and refused to pay an increase. During the time I have been in the building there have been no repairs of any consequence for me; no improvements; nothing at all has been done, especially since August, 1918.

On the night of the 30th of June, 1919, I received from my landlord, Mr. F. R. Van Antwerp, this letter, addressed to me:

DEAR MR. BRITTON: As it has been and is a hardship for me, through this period of steady increase in operating expenses, to accept the rent you are paying for the apartment you are now occupying, I much regret that I am forced to the unpleasantness of giving you this ample notice to vacate Apartment No. 8 in 901 Twentieth Street NW., Washington, D. C., on or before the morning of October 1, 1919.

Respectfully,

F. R. VAN ANTWERP.

Chairman BALL. How many apartments are there in your building?

Mr. BRITTON. There are 11 apartments. They are small apartments. There are 10 rented, and one Mr. Van Antwerp and his wife use.

Mr. MILLER. Were those all rented previous to 1915?

Mr. BRITTON. I do not know.

Chairman BALL. You can not tell us whether they were continuously rented or not up to that date?

Mr. BRITTON. No; I can only speak of the time from 1917 on, when I went into the building.

Chairman BALL. They were all rented when you went in there?

Mr. BRITTON. Yes; all were rented when I went in in 1917, and the place I obtained had been rented even before I came to Washington by Lieut. Commander Jenny, of the Navy, who later found a place on Connecticut Avenue, and I obtained the apartment at 901 Twentieth Street NW., making a direct lease with the owner of the property, Mr. Van Antwerp.

Chairman BALL. From the complaints that members of the league have made to you, could you find out whether it is the history of most of the apartments that they were rented in full previous to these advances? I ask that question for this reason: We understand that practically every apartment in the city is leased and has been for a year or two. Not content with that, they are continually advancing the price per month; that previous to that time on an average at least one of the apartments was vacant. Of course, that means a very decided increase in revenue from the apartment house, even at the same price.

Mr. BRITTON. That angle has not been taken up with the parties with whom I have talked, but I shall get that information as early as possible.

Chairman BALL. As the complaints come to you in your official position, we would like to have you get that information and submit it to the committee.

Mr. BRITTON. I have made a few notes, which I will read through to bring your attention to some points on this rent question.

In regard to my own knowledge of the apartment in which I live, with an increase of 35 per cent in rent charged me: On the same floor with me is a Miss Horan, a young lady working for the Government. She was paying for one room and a bathroom, unfurnished; \$22 per month. Miss Horan was notified in August, 1918, by Mr. Van Antwerp that her rent would be increased to \$28, which is in the neighborhood of 27 per cent, I believe. Accepting my advice and standing pat on the Saulsbury resolution, she received the same notice I did to get out.

Chairman BALL. Has that notice been general to all the people who stood pat on the Saulsbury resolution?

Mr. BRITTON. No; because there have been changes in the house. For instance, one gentleman made a compromise by which he paid 10 per cent.

Chairman BALL. But where they stood pat on the Saulsbury resolution, according to the reports made to you, they have been notified to vacate?

Mr. BRITTON. That is what I hear.

Chairman BALL. That is the general report, so far as you get it?

Mr. BRITTON. So far as I get it, all taking advantage of the Saulsbury resolution are being told to get out. Taking the rented apartments into consideration, I find that with the rent that Mr. Van Antwerp gets he would receive \$5,256 in cash, plus the rental of his own apartment, which, put down at the ordinary rate, would make his receipts \$6,000 cash per year return on his investment.

Chairman BALL. Do you know the assessed value of that apartment?

Mr. BRITTON. I do not.

Mr. MILLER. Do you know what he received in rentals before June 30, 1916?

Mr. BRITTON. No; I have never been able to ascertain that. There is only one tenant who had been in the house of whom I know. That is Admiral Cary Grayson, who had an apartment on the same floor on which I have my apartment, and I understood from him that he paid \$30 or \$35 a month. He was not positive as to the amount, as he could not lay his hands on the receipts. He and one other officer had occupied the apartment.

Senator DIAL. Has the landlord gone to any expense, Mr. Britton?

Mr. BRITTON. None at all of any moment for me.

Senator DIAL. Does he have to employ any more labor now?

Mr. BRITTON. No; he has only one man, a janitor, and if his services have been increased they have been very slight. There is no elevator.

Chairman BALL. Is this janitor a mechanic or just an ordinary janitor?

Mr. BRITTON. No; not a mechanic. He is half Indian.

Chairman BALL. He is supposed to keep everything in repair?

Mr. BRITTON. Yes; he is an ordinary workman about the house. I want to say something here about the Navy Department. Being the private secretary to the Secretary of the Navy, it gives me that opportunity. I have talked with officers of the Bureau of Navigation. They tell me that hundreds of officers who have been ordered to Washington for duty ask to be excused from coming, and some of

them get excused, on account of the excessive rents and the high cost of living in this city. That statement comes from a responsible official of the Bureau of Navigation whose name I do not wish to give, but I will certify to the facts. They find that practically all the apartments which they seek to rent are raised to these officers, despite the Saulsbury law. It comes about in this way: An officer of the Navy is not assigned to duties in Washington for a fixed length of time; he is subject to change. The landlords, knowing this and knowing that when they give a lease for a year it may be necessary to sublet, they say to him, "We will charge you such-and-such a rent with the privilege of subletting," thereby increasing the rent to these officers. One officer in particular I have in mind rented an unfurnished house here for \$65 a month. The owners of the house concluded to furnish it and are now charging \$250 a month for the same house which he rented previously for \$65.

Mr. MILLER. Can you give the address of the house and who the agents are?

Mr. BRITTON. I can obtain that, but that officer has asked me not to give his name. I can certify that that is so.

Senator DIAL. His former lease had expired, of course?

Mr. BRITTON. Yes; they furnished the house, you see.

Senator DIAL. After the former lease had expired?

Mr. BRITTON. Yes; I think so. Another officer last year submitted to a rent raise of 12 per cent, and this year his rent has been raised 28 per cent, making a total increase of 40 per cent in the two years. This officer in talking to me said, "Mr. Britton, make this suggestion to the committee, that it might get a good deal of information by summoning before it the owners of some apartment houses and requiring them to show what their apartments rented for before the high price and after the high price."

Chairman BALL. I might say that the committee proposes to do that.

Mr. BRITTON. He did not hesitate to name to me two or three apartments. I can call these or leave them just as the committee thinks best.

Senator SHEPPARD. Call them, Mr. Britton.

Mr. BRITTON. He said you might call for the Westmoreland and the Highlands and any other apartments. He knows of those two.

Now, here is a case of three girls, former yeomen (F) in the Navy, who worked for the Navy Department at our aviation station in North Carolina, Camp Glenn. These three young women, Misses Neally, Winterbottom, and Valla, reported for duty here. They have been able to get one room, with two meals a day, and the three girls are paying \$120.

Chairman BALL. You mean \$120 for the three of them or apiece?

Mr. BRITTON. For the three of them. In the office of the Secretary of the Navy Mr. Gilbert Close, who was the confidential clerk and who is now with President Wilson, was forced to buy some property here to get away from the excessive charge for rents on the same property.

Mr. W. H. Lyon, one of the clerks in the office, has been forced to buy a residence in the city, using some money he had, in order to get away from the high cost. Mr. John B. May, jr., now confidential clerk, is another case of the same kind.

Along this general line, gentlemen, I think that is all I have to say.

Chairman BALL. That is very good evidence you have given us.

Mr. BRITTON. I want to say in this connection that the tenants of Washington have found a vast relief in the Saulsbury law as it stands. We understand, of course, there have been cases where it has been taken advantage of unjustly, but it has saved so many people, it has helped so many young women here, that it is something to the credit of Senator Saulsbury. I know that in the face of my present notice to get out on the 1st of October it is a God send because I can find no apartment within reach of the salary I am paid here, and as the Saulsbury resolution has been extended 90 days beyond the conclusion of a treaty of peace with Germany, my notice to move on the 1st of October at present amounts to nothing.

Senator DIAL. Whom does your association take in?

Mr. BRITTON. Any tenants in Washington who desire to join the association.

Senator DIAL. Just any Government tenants?

Mr. BRITTON. Government or outside tenants. Mr. Hart, who is also representing the league, may have something to state to us if the committee desires to hear him, or, as has been stated, the secretary of the league will at any time send a list of names to the committee.

Senator DIAL. Has the league a large membership?

Mr. BRITTON. No. What is it now, Mr. Hart?

Mr. HART. There is a list of some 200 members.

Senator DIAL. How long has the league been in existence?

Mr. HART. About a year and a half.

Senator CAPPER. Mr. Britton, you meet a good many people who come here from other parts of the country to enter the Government service?

Mr. BRITTON. Yes, sir.

Senator CAPPER. After talking with them do you believe that rents are higher than they are in other cities?

Mr. BRITTON. They are excessively high here. I remember particularly a case where there were 15 young women—8 from Atlanta and 7 from Birmingham—sent to this place at one time—yeomen (female) in the Navy. They reached here on a Friday night and came to the office of the Secretary of the Navy. Secretary Daniels was very much worried about the statement that it was impossible for them to obtain a place. He had me with some ladies take these young women out and attempt to find a place for them. That gave me inside knowledge of the high charges to the girls. The girls had a hard time getting homes here. A man could get a place, but young women had a very hard time.

I recall an extreme case in which a mother had a daughter that wanted amply protected. She found a place for her on Connecticut Avenue very close to the British Embassy, a mighty good neighborhood, for which she paid \$35 a month for the fourth-floor back room. She obtained board for her a few doors above that on Connecticut Avenue, an exclusive place, for which she had to pay \$10 a month for breakfast and dinner. That makes \$75 a month. Her car fare per month amounted to about \$5, making \$80. Her clothes cost her at 33½ cents a day, making \$10. For the 12 months

her expenses, therefore, were \$1,080, allowing nothing for laundry, amusements, doctor's bills, etc. She was getting from the Government at that time \$1,100. That is, of course, an extreme case. You say, "How did she get along?" She was one of these war workers who had some money and who really came to Washington feeling that they could be of some service. That case I know of myself, and I know of other young women who are paying \$30 and \$40 a month for their rooms.

Senator CAPPER. Do you think these high rents and this high cost of living generally here in Washington are making it difficult for the Government to maintain a standard of efficiency in the departments here?

Mr. BRITTON. The are. I also think the question of morality enters into this matter. You know you have a great many girls here from all parts of the country, from little country villages. They come to the big city and they are exposed to innumerable temptations. A girl gets a room in some building with two or three other girls. The parlors are even rented, the halls are crowded. Now, that girl may have some suitor, some young man paying attention to her. Where are they entertained? Gentlemen, I will tell you. They are entertained in the parks and these cheap dance halls and in automobiles. You know there is one place on the Ellipse or on the Speedway which I am mighty glad to say has been closed up, because tours of investigation have shown me that that place ought to be closed up. You would find at nights automobile after automobile stopping along that section of the Speedway with young men and young women in them when the girls ought to have been at home, and many of them would have been at home if the parlors in the homes had been available to them. But the parlors have been rented; everything has been utilized. If you will look at the advertisements under the column headed "Places for rent" in the Post, Herald, Star, or Times, you will find there are very few places within the reach of a modern purse. You will find also that there are only three or four places which have unfurnished rooms, because the people here have gotten wise to the proposition that you can charge about double for an apartment if you furnish it. If your apartment is worth \$45 or \$50 unfurnished, then you can charge \$90 or \$100 if you put furniture in it.

Mr. VAN ANTWERP. Mr. Chairman, may I ask a question? I am Mr. Van Antwerp, the man to whom Mr. Britton has referred.

Chairman BALL. Do you want to ask Mr. Britton a question?

Mr. BRITTON. I shall be very glad to answer the gentleman's question.

Mr. VAN ANTWERP. I am the man that Mr. Britton referred to, and I want to know if we are going to have another side?

Chairman BALL. You will be called shortly, and you can make your statement then. All the testimony we get we want to get from each one under oath, so we can accept it. Is Mr. Finch present?

TESTIMONY OF EDWIN L. FINCH.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Finch, please state your full name and your residence.

Mr. FINCH. Edwin L. Finch, apartment 415, Copley Courts, Seventeenth and Church Streets.

Mr. MILLER. The committee has a letter from you, Mr. Finch. Will you please testify as to the points you raised in that letter, making your statement as brief as possible?

Mr. FINCH. This is a communication that I received from the parties that I rent from.

Mr. MILLER. Give their names at that point, please.

Mr. FINCH. The Union Realty & Investment Corporation, Evans Building, Washington, D. C. The statements in this communication are in my own handwriting. The facts in the case are as follows:

I rented apartment 415, Copley Courts, October 1, 1917, at a monthly rental of \$38.50. On October 1, 1918, my rental was increased to \$42.50. I visited the agents and told them that in view of the fact that the cost of operation had increased, of which I was fully aware, and my expenses had increased, I would split the increase fifty-fifty and pay them \$40.50 a month. I realized the situation and I was willing to pay a slight increase rather than avail myself of the Saulsbury resolution. That was accepted.

Chairman BALL. You made a lease for one year on those terms?

Mr. FINCH. On one year; yes.

Mr. MILLER. Just read that letter that you received with your new lease.

Mr. FINCH. On August 5, 1919, I received this communication:

Following my conversation with you and my promise to let you know in regard to the increase in rent, I have talked the matter over with Mr. Richardson and the figure put on your apartment, starting October 1, is \$60 per month.

which makes an increase of \$17.50 on the \$42.50 which is stated in the lease.

Chairman BALL. But you paid only \$40.50.

Mr. FINCH. But I received a rebate of \$2.

Mr. MILLER. State who the Mr. Richardson mentioned in that letter is, and, if possible, give his full name and address.

Mr. FINCH. Mr. John N. Ruth was the representative of the property at the time that I leased in 1918, but the first part of this year the property was incorporated. The Union Realty and Investment Corporation was established. To the best of my knowledge and belief, Mr. Richardson is the president.

Chairman BALL. How many apartments are there in that building?

Mr. FINCH. There were originally in the building 90 apartments.

Chairman BALL. How long have you been there?

Mr. FINCH. I have been there since the building was first opened for occupancy, in 1917.

Chairman BALL. Were the apartments all taken at that time?

Mr. FINCH. I should say that about one-half of them were occupied.

Chairman BALL. Then, about one-half of them were idle?

Mr. FINCH. About one-half were idle.

Chairman BALL. How many idle apartments are there now?

Mr. FINCH. There have not been any idle since shortly after the war, I would say.

Chairman BALL. Then, even at the same figure their revenues would have been practically doubled?

Mr. FINCH. Practically doubled.

Chairman BALL. How about the increase in the cost of maintenance? Have they increased their janitor service?

Mr. FINCH. On a basis of \$5 a month increase on what the rent was last year, for 90 apartments I figure that there would be an increase for the year of \$5,400, which, in my opinion, would more than meet the increased cost of operation.

Chairman BALL. That would cover the janitor service and the increase in the coal and lighting service.

Mr. FINCH. To the best of my knowledge, it would.

Mr. MILLER. How was your heating service last winter and the winter before?

Mr. FINCH. I had no complaint to make about that. There is one thing I might add in connection with this. I understand that after the armistice was signed, if parties who had availed themselves of the Saulsbury resolution desired to enter into a new lease for their own protection they were required to pay, in addition to the monthly rental they were paying at that time an amount sufficient to meet the difference between what the parties had asked and what the parties had continued to pay in order to make up the difference. Parties who had availed themselves of the Saulsbury law were paying \$38.50, when they entered into the new lease were required to pay \$38.50 and a sufficient increase on that to make up the difference between \$38.50 and \$40.50 for the back months, which virtually they were not able to avail themselves of under the Saulsbury resolution.

Chairman BALL. I do not quite understand you.

Senator DIAL. Therefore the Saulsbury resolution was nullified?

Mr. FINCH. It was no protection to them whatever.

Chairman BALL. I would not agree with the statement that there was no protection whatever, because all real estate men knew that there was a protection; that they could not put people out who chose to take advantage of the act. It was a moral obligation, whether they took advantage of it or not.

Mr. FINCH. There is one other thing I might state. In my lease that I was required to sign there is this provision:

It is further understood and agreed that should the said tenant fail or refuse to surrender the premises leased on or before the 3d of September, 1919, or before said day to enter into a new agreement of lease of said premises, he will pay as rent for said premises from and after said day a monthly rental of double the monthly installments therein provided for the period prior thereto—which is to the effect that if I do not enter into a new lease the 1st of this coming October they will charge me twice as much as I am paying at the present time.

Mr. MILLER. Can you leave that copy of the lease with us?

Mr. FINCH. Yes, sir.

Chairman BALL. We would like to have all such evidence of threats. Of course, this committee can not state what will be done. We have to get the evidence before we can make up our minds. But if we can recommend legislation that is going to prevent these things we are going to do it.

(The lease above referred to is as follows:)

This agreement, made this 28 day of September in the year 1918, by and between John N. Ruth, party of the first part, and Edmund L. Finch party of the second part:

Witnesseth, That the said party of the first part has let and leased, and does hereby let and lease unto the said party of the second part, his executors and administrators, the premises situate in the City of Washington, District of Columbia, and known as Apartment No. 415 in Copley Courts, 1514 Seventeenth St. NW., for the period of one year, commencing on the First day of October, 1918, to be fully completed and ended on the 30th day of September, 1919, at and for the term rent of Five hundred ten no/100 dollars, payable at the office of the party of the first part, in equal monthly installments of ~~Forty-two~~ 50/100 dollars, in advance, on the First day of each and every month, the first payment of _____ dollars to be made on the _____ day of _____, 191—.

And the said party of the second part, for himself, his heirs, executors, and administrators, does hereby covenant to and with the said party of the first part, that he, the said party of the second part, shall and will during the said term pay unto the said party of the first, the rent hereby reserved in the manner hereinbefore mentioned without any deduction whatsoever, and without any obligation on the part of the said party of the first part to make any demand for the same, and further that he will not use said premises for any unlawful purpose, or in any manner offensive to any other occupant of the building, but will occupy the same as a dwelling and will not sub-let nor assign the said premises, or any part thereof, nor transfer possession thereof to any person or persons, nor carry on any business therein, nor keep a cat, dog, parrot or other similar pet; and further that he the said party of the second part, will pay the electric light, telephone and gas bills as the same may respectively become due and chargeable against the said premises during the term aforesaid, and will at the end of the said term deliver up the said premises in the like good order in which they now are, ordinary wear and tear and casualties by fire and the elements only excepted, to the said party of the first part, who shall and may thereupon re-enter, provided that if at least ten days before the expiration of the term aforesaid, the said party of the first part shall either leave on the premises aforesaid, or serve on the lessee aforesaid, a notice in writing that said premises will be required at the end of said term, then, in the happening of either of said events, the said party of the first part may, without further notice, immediately re-enter and possess said premises; but in the event that said party of the first part shall not give said notice as aforesaid, then, unless the tenant shall immediately surrender said premises on the day of the end of said term, the said tenant shall by virtue of his agreement become a tenant by the month, at the rental per month of the monthly installments of rent to be paid as aforesaid, commencing said monthly tenancy with the first day next after the end of the term above demised; said monthly tenant shall be subject to all the conditions and covenants of the said lease as though the same had originally been a monthly tenancy, and said monthly tenant shall give to the said party of the first part at least thirty days' notice of any intention to remove from said premises, and the said monthly tenant shall not be entitled to any notice to quit in event the said rent is not paid in advance without demand, the usual thirty days' notice being hereby expressly waived.

It is further understood and agreed that the lessor will endeavor to furnish heat and power for elevator service, but should he be prevented by circumstances beyond his control the tenant will be entitled thereupon to terminate his lease and remove from said apartment, paying the aforesaid rent to the use of such removal, otherwise all terms of this agreement to remain in full force and effect; and it is further understood and agreed that should the said tenant fail or refuse to surrender the premises leased on or before the _____ day of September, 1919, or before said day to enter into a new agreement of lease of said premises, he will pay as rent for said premises from and after said day a monthly rental of double the monthly installments herein provided for the period prior thereto.

And the said party of the second part further covenants and agrees that if during the continuance of said term, or if after the commencement of said monthly tenancy, if any arise as aforesaid, he shall fail to pay any one of the said monthly installments of rent reserved as aforesaid when and as the same all respectively become due and payable, although no demand may have been made for the same, or if he shall in any other manner or respect fail to comply or shall violate any one of the covenants and agreements hereinbefore made by the said party of the second part, then it shall be lawful for the said party of the first part or his assigns, at his election and option, to re-enter

and take possession of said premises, forthwith, without process, or by other legal process in force in the District of Columbia, and without any previous demand for possession or notice, the said party of the second part hereby expressly waiving all right to claim a thirty days' notice or other notice to remove from said premises; and the said party of the second part further covenants and agrees that if at any time during the tenancy hereby created any repairs shall become necessary to the apartment hereby leased, or in any other part of the building, which shall necessitate entering the apartment hereby leased for the purpose of making such repairs, permission for such purpose is hereby given; and the party hereto of the first part shall not be liable for any damages by reason of said repairs, nor for any damage to any property in, upon or about said buildings at any time, however caused, whether through the negligence or carelessness of the agent of the lessor or otherwise; and all claims for such damages are hereby released to the lessor or his assigns who may plead this release in bar thereof in any and every suit, demand and claim for the same.

And it is further provided, That if under the provisions of this lease and agreement any proceedings are taken by the party of the first part, and a compromise or settlement shall be made, either before or after judgment, whereby the said party of the second part shall be allowed to retain said premises, such proceedings shall not constitute a waiver of any covenant herein contained or the lease itself, or of the monthly tenancy if that be in force at such time or times; and it is further understood and agreed that the covenants and agreements contained in the within agreement to be performed by the respective parties are binding on the said parties and the successors and legal representative or representatives of the said parties of the first and second parts, respectively, and that no waiver of any breach of any covenant herein shall be construed to be a waiver of the covenant itself or of any subsequent breach thereof, or of this agreement.

In testimony whereof, The respective parties hereto have hereunto set their hands the day and year first hereinbefore written.

JOHN N. RUTH. [SEAL]
EDMUND L. FINCH. [SEAL]

Signed in the presence of—

Signed in Duplicate.

(Indorsement:) Lease between John N. Ruth and Edmund L. Finch. Premises, 415 Copley. Period One year. Exp. 9/30/19. Rent, \$42.50 per mo. Due First Instant, in advance. First Payment -----)

Senator DIAL. Do you pay your rent to an agent or to the owner?

Mr. FINCH. I have been paying it at the company's office.

Senator DIAL. In that apartment house do they lease to anyone for a shorter period than a year?

Mr. FINCH. Not to my knowledge.

TESTIMONY OF MRS. CLARA B. SIMONSON.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mrs. Simonson, will you kindly give your full name and address?

Mrs. SIMONSON. Clara B. Simonson, apartment 32, the Ashley, Eighteenth and California Streets.

Mr. MILLER. Mrs. Simonson, how long have you been living at the Ashley?

Mrs. SIMONSON. I signed my first lease in 1912. I went there at a rental of \$47.50.

Mr. MILLER. That is a furnished or an unfurnished apartment?

Mrs. SIMONSON. Unfurnished; a five-room apartment. I have renewed the lease every year until last year. They increased the rent \$8, but I was protected by the Saulsbury resolution. There are just

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ave not had any improvements made in three
or half an hour a plumber was there. I have
it from the apartment. They say they can get
at, but I have not any place to go.

Chairman BALL. Of course, we do not want that. Have they increased their janitor service? Have they any more help than they had?

Mrs. SIMONSON. No, indeed; they have the same help. They pay the janitor more; I do not really know how much. They have two people on the elevator and the janitor. They have not any more help there.

Chairman BALL. How many apartments are there in that building?

Mrs. SIMONSON. I think there are 16 or 18.

Chairman BALL. You have been there since 1912?

Mrs. SIMONSON. Since 1912.

Chairman BALL. 1913, 1914, and 1915, were there any vacant apartments?

Mrs. SIMONSON. There were so many they did not know what they would do with them. I can almost take my oath that for 10 months we were the only occupants on that tier. We have the third floor. There was nobody below or above us, and I used to wonder, but the minute the war came on, of course, then it was filled and they have certainly made money on that apartment house.

Chairman BALL. That was true, was it, year after year, that there were a number of apartments—more than half of them—vacant?

Mrs. SIMONSON. Yes; one year I had my choice of any apartment nearly that I wanted.

TESTIMONY OF MRS. SARAH C. D. PRENTICE.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you kindly give your full name and residence?

Mrs. PRENTICE. Sarah C. D. Prentice, the Plaza.

Mr. MILLER. The Plaza is located where, Mrs. Prentice?

Mrs. PRENTICE. On Washington Circle, between Twenty-second and Twenty-third Streets and Pennsylvania Avenue.

Mr. MILLER. You wrote a letter to the committee which is the reason you were called before it. Will you please state when you went into your apartment, what rent you paid for it, and your various experiences up to this time.

Mrs. PRENTICE. I went into the Plaza the last of September, 1911.

Mr. MILLER. What rent did you pay then?

Mrs. PRENTICE. \$25.

Mr. MILLER. For an unfurnished apartment?

Mrs. PRENTICE. An unfurnished apartment.

Mr. MILLER. When was your rent raised after that?

Mrs. PRENTICE. Last October.

Mr. MILLER. In October, 1918, your rent was raised to what?

Mrs. PRENTICE. \$28.

Mr. MILLER. How many rooms are there in that apartment?

Mrs. PRENTICE. Two rooms and a bath.

Mr. MILLER. What other demands have been made upon you for the next year?

Mrs. PRENTICE. I have not seen the list, but from what I hear from several people who have seen it I am to pay \$35 next fall.

Mr. MILLER. Last October, when you consented to the raise from \$25 to \$28 per month, did you make any objection to it or did you hold your rights under the Saulsbury resolution?

Mrs. PRENTICE. No; I did not. The circulars that were to be sent around and which were in each box—I had consented to pay \$28, then those came around, so I paid it.

Mr. MILLER. Were any statements made to you as to what would happen if you availed yourself of your rights under the Saulsbury resolution?

Mrs. PRENTICE. Not to me.

Mr. MILLER. Were any such statements made to any member of your family or to any of your friends?

Mrs. PRENTICE. No.

Mr. MILLER. Have any improvements been made to this apartment?

Mrs. PRENTICE. No; not to my apartment.

Mr. MILLER. Have you asked for any?

Mrs. PRENTICE. No.

Mr. MILLER. It is not in need of any repairs, then?

Mrs. PRENTICE. Yes; it is in need of repairs, but I have not asked for them.

Mr. MILLER. May I inquire why you have not asked for them?

Mrs. PRENTICE. Because no repairs are being made in the Plaza. They have said that they were not making any repairs.

Mr. MILLER. How was your heat and other service in the Plaza?

Mrs. PRENTICE. That has been very good.

Chairman BALL. How many apartments have you in the building?

Mrs. PRENTICE. There are 49 apartments in the Plaza.

Chairman BALL. How long have you been there?

Mrs. PRENTICE. Since last of September, 1911.

Chairman BALL. In 1913, 1914, and 1915, do you remember whether there were any vacant apartments there?

Mrs. PRENTICE. The apartment that I took was vacant for a year.

Chairman BALL. It had been vacant for a year?

Mrs. PRENTICE. It had been vacant for a year, and I understand there had been from one to three or more vacant through the fall.

Chairman BALL. Then there were probably one-third of the apartments vacant in a year?

Mrs. PRENTICE. No; from 1 to 3 apartments. There are 49 apartments; from 1 to 3 apartments were vacant at a time.

Chairman BALL. How many are vacant now?

Mrs. PRENTICE. None; I think not.

Chairman BALL. There has not been a vacant apartment since last year?

Mrs. PRENTICE. No; I think not.

TESTIMONY OF MR. SAMUEL BRIDE.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please give your full name.

Mr. BRIDE. Samuel Bride.

Mr. MILLER. Where do you reside?

Mr. BRIDE. At Chatham Courts, 1731 Columbia Road NW.

Mr. MILLER. How long have you been a tenant there, Mr. Bride?

Mr. BRIDE. Since the apartment was first occupied, three and a half years ago.

Mr. MILLER. Since 1916?

Mr. BRIDE. Yes; that is when it first opened up.

Mr. MILLER. What did you then pay for your apartment, and what was the size of it?

Mr. BRIDE. The size of my apartment started with two rooms; that is, a bed room, a dining room, and a small reception hall, together with a kitchenette and bath room.

Mr. MILLER. How much rent did you pay?

Mr. BRIDE. I paid \$36.50.

Mr. MILLER. Have there been demands made for an increase in rental?

Mr. BRIDE. On the first day of the month I was notified verbally by the manager of the apartment that the rental on the 1st day of October would be \$40.

Mr. MILLER. Had no previous demands been made for an increase in rent since you went there?

Mr. BRIDE. No; none whatever. This was the first intimation I had. Of course, it has been rumored from time to time that they intended raising the rental as soon as they could get away from the Saulsbury resolution.

Mr. MILLER. Mr. Alonzo Bliss is the manager of that?

Mr. BRIDE. Yes, sir.

Mr. MILLER. Who owns the apartment?

Mr. BRIDE. It is owned by the Alonzo Bliss properties.

Mr. MILLER. Has anything been done in the way of improvement in the apartment? Have you requested improvements to be made?

Mr. BRIDE. Well, just minor improvements we have requested that do not amount to anything. It was a new building and did not require many improvements. I have requested some little painting for instance, painting of the kitchen and bathroom.

Mr. MILLER. Did he accede to that request?

Mr. BRIDE. No; he did not. So finally I requested them to let me have the material and I would have it done myself. I did not get the material, so I had to furnish the material and to do the work myself.

Mr. MILLER. How many apartments are there in that building?

Mr. BRIDE. Ninety-two.

Mr. MILLER. Have they always been occupied, to your knowledge since you went there?

Mr. BRIDE. Well, I should judge that there were for two years possibly two years and three months, every apartment has been occupied.

Mr. MILLER. In your letter to the committee you mention the fact that the manager at one time asked you for a bonus of \$370 to secure an apartment for you. Please inform the committee on that.

Mr. BRIDE. An officer of the United States Navy, who was a friend of mine, asked me if I could not help him out a little in getting an apartment for him. I knew of an apartment which was about to be vacated in this building, and I told them to go in and I would introduce them to the manager. He did so. I gave him the introduction. We did not seem to get any satisfaction whatever from the manager. He hummed and hawed about the thing, so finally the man seeing that it was useless to go any further asked me to end the interview. After we went outside he said, "There is no use talking to that man."

is asking for a house." That was all there was to it. The next day the manager met my wife and said for \$70 he could get this big office have an apartment. I said the other positive as to whether it meant that it was a house or whether it meant that as total for the apartment. But the highest rental for the apartment was \$60 per month for the best apartment in the house.

Senator DIAL. How many rooms?

Mr. BRIDE. Well, the smallest one is a hall and a bathroom and a bedroom hall and a toilet connected. But they are all thrown into one, and I think on one side there is a bed room and the other side there is a dining room and kitchen and a bath and a toilet.

Senator DIAL. Previous to two years and three months ago were there any vacancies?

Mr. BRIDE. Yes; I do not think there was quite one-third of the apartments let at that time.

Chairman BALL. In the last two years they have been rented?

Mr. BRIDE. Yes; every apartment has been rented since that time, until the first we had a lease, and the second year we had a lease, and last year they refused to furnish a lease and have not said one word about a lease since we have this present notification.

Chairman BALL. What is this present notification?

Mr. BRIDE. It was a verbal notification to each of the tenants and an increase in the rentals, as I have sized them up ranged from 15 to 35 per cent. There are three widows living in the apartment house who are employees of the Government. Those women are receiving an annual salary of \$1,000 per year, with a bonus. Their rents have been increased from \$27.50 to \$35, practically \$10 a month, taking away their bonus. I know of some of those cases and they have come to me and told me of how they were forced to dispose of their liberty bonds at a sacrifice in order that they might meet the high cost.

Chairman BALL. You have given us the main features, I think, that we want in this matter. We appreciate your kindness.

Senator CAPPER. Just one question. Do you live in Chatham Courts?

Mr. BRIDE. Chatham Courts; yes.

Senator CAPPER. By whom is that owned?

Mr. BRIDE. The Alonzo Bliss Co.

Senator CAPPER. Who is Mr. Bliss?

Mr. BRIDE. His office is right here on B Street. I believe the original Mr. Bliss is dead, and I think it is the estate of the Alonzo Bliss properties.

Senator CAPPER. He has a number of apartments?

Mr. BRIDE. He has a number of apartments. This apartment was originally built by Harry Wardman, and Mr. Wardman sold it to the Bliss properties, I should judge, about eight months after the completion of the property.

Senator CAPPER. It is a wealthy concern, this Alonzo Bliss concern?

Mr. BRIDE. Yes; a very wealthy corporation now.

Senator CAPPER. It is really not necessary for them to crowd their tenants?

Mr. BRIDE. No. I did a little mental calculation. I figured out that they were trying to shoulder upon the tenants the war revenue. That is the way I have figured it out, because the figures will pretty nearly correspond.

Senator CAPPER. I would not be surprised if you were on the right track.

Mr. BRIDE. I say this, gentlemen—if there are any landlords present, let them raise their voice: I am ashamed of any American citizen who will try to shift the responsibility of Government upon the shoulders of the tenants; the Government that is ready to protect him in making his wealth—to think that he will shift that responsibility; I think he is not much of an American citizen.

CHATHAM COURTS.

WASHINGTON, D. C., August 28, 1919.

UNITED STATES SENATE DISTRICT INVESTIGATING COMMITTEE.

HONORABLE SIR: My attention has just been called by the manager (Mr. Welsner) to an error in my testimony before the committee, wherein I stated he asked \$370 for an apartment at Chatham Courts. I have just been informed this rental was for an apartment at the Farragut Apartments. This being so I wish to have the correction made.

Sincerely,

DANIEL BRIDE.

TESTIMONY OF EDWARD G. WITKAWSKI.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name and the apartment in which you live.

Mr. WITKAWSKI. Edward G. Witkowski; Mississippi Apartments, No. 2, 1436 W Street NW.

Mr. MILLER. The committee has your letter, Mr. Witkowski, and desires to bring out a few points.

Will you kindly read this letter into the record, that you received from Liebermann & Hawn, 1421 F Street, agents for the Mississippi Apartments?

Mr. WITKAWSKI (reading):

WASHINGTON, D. C., July 11, 1919.

Mr. EDWARD G. WITKAWSKI,

No. 2, Mississippi Apartment, City.

DEAR SIR: We beg to advise you that beginning October 1, 1919, your rental will be \$40 per month on a yearly lease. Kindly let us know by August 1, 1919, if you care to sign a new yearly lease at the above increase.

If we do not hear from you on or before August 1, 1919, we will proceed to lease to a new tenant for one year from October 1, 1919.

The above increased rental is quoted only to our present tenants. If we procure new tenants, our rates will be higher. It is very important that we hear from you at once, as we have a very long waiting list.

Very truly, yours,

LIEBERMANN & HAWN.

Mr. MILLER. When did you first go to the Mississippi Apartments?

Mr. WITKAWSKI. I went there on January 15, 1917.

Mr. MILLER. What rent did you pay then?

Mr. WITKAWSKI. I paid \$28.50, sir. I beg to state—

Mr. MILLER. One moment, please; do not go on; we will bring out what we want. At that time were all the apartments in the Mississippi Apartment House rented?

Mr. WITKAWSKI. No, sir; there were several vacant, and there are several yet vacant.

Mr. MILLER. To your knowledge, when was the apartment filled up?

Mr. WITKAWSKI. Along about the middle of the year.

Mr. MILLER. What year?

Mr. WITKAWSKI. The latter part of 1917.

Mr. MILLER. It was filled up from then on?

Mr. WITKAWSKI. Yes, sir; it has been since.

Mr. MILLER. How many apartments are there in the Mississippi, to your knowledge?

Mr. WITKAWSKI. Twenty-four.

Senator SHEPPARD. What is the size of them?

Mr. WITKAWSKI. Three rooms, kitchenette, and bath—a very modest apartment; and at the time we went there there were no electric lights in the building. We were promised electric lights.

Senator SHEPPARD. The apartment was unfurnished?

Mr. WITKAWSKI. Unfurnished. As yet the electricity has not been run in. We have no elevator service. When we went there we had telephone service on each floor, which has since been discontinued and one of these slot machines put in the hall downstairs, which is a nuisance.

Senator SHEPPARD. How many floors?

Mr. WITKAWSKI. Four floors.

Mr. MILLER. What is the heating of the building?

Mr. WITKAWSKI. The heating is fair and the hot water is very good, considering that we had a janitor and now they use one janitor for two buildings.

Mr. MILLER. You have given the committee the rental you paid the first of January, 1917?

Mr. WITKAWSKI. Yes, sir.

Mr. MILLER. Give the committee the circumstances in connection with the advance.

Mr. WITKAWSKI. Then they wrote me in 1918 stating I could remain as a tenant for \$28.50—

Mr. MILLER. What date in 1918?

Mr. WITKAWSKI. Just prior to October 1—or I could take a lease for \$31.35. Being a traveling man, away from town a good deal, I can not leave my wife without a lease on the house and have her thrown out at any time—

Mr. MILLER. Then you signed a lease for \$40 a month beginning October 1?

Mr. WITKAWSKI. Yes; under protest.

Senator SHEPPARD. What is the location of your apartment? What floor?

Mr. WITKAWSKI. I am on the first floor, the middle apartment. They are charging me now the same as they do for the first and second floor, front apartments, outside.

I want to say in connection with that, with relation to the lease, that we had a fire there on November 11, the morning of the armistice. There was quite a bit of damage done. The halls were fixed up for me, but not much. The paper and paint were left tinted from the smoke, but they have never repaired it and they have absolutely re-

fused to do it. I do not blame Liebermann & Hawn, because, as he says, his hands are tied. The owner wants to bring up the rent where they will show a profit so that he can sell the building.

Senator DIAL. By whom is it owned?

Mr. WITKAWSKI. A man by the name of Swanson, I believe, sir.

Senator DIAL. Do you know his initials?

Mr. WITKAWSKI. No, sir.

Senator SHEPPARD. They make no repairs for you?

Mr. WITKAWSKI. No, sir; absolutely none. They refused to paint my kitchen. I told him the other day I was glad of it, because now he will have the whole ceiling to fix. It is falling in.

TESTIMONY OF J. G. SPENGLER.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name and the apartment in which you live.

Mr. SPENGLER. J. G. Spengler, 1332 Harvard Street NW.

Mr. MILLER. Has the apartment any particular name?

Mr. SPENGLER. No; it has not.

Mr. MILLER. When did you first come to this apartment?

Mr. SPENGLER. I am merely a roomer in this place at 1332 Harvard.

Mr. MILLER. What arrangements do you make for the rooming? Does somebody else lease the apartment from the owners?

Mr. SPENGLER. Yes, sir; Somebody else leases the apartment from the owners.

Mr. MILLER. What comment do you want to make to the committee dealing with your own personal experience as a roomer there?

Mr. SPENGLER. There has not been any complaint directly up to this time. The intimation has come in a roundabout way, perhaps you might call it, that rents will be increased October 1; just how much nobody knows. The lady that rented the apartment is in New York now.

Mr. MILLER. There is some information that we want specifically to get from you, if you will pardon me:

How many rooms in the apartment that you occupy and how much do you pay for them?

Mr. SPENGLER. Thirty-eight dollars a month for the apartment.

Mr. MILLER. For how many rooms?

Mr. SPENGLER. Five rooms and a bath.

Mr. MILLER. You rent one of those rooms?

Mr. SPENGLER. I rent one of those rooms.

Mr. MILLER. What do you pay for your room?

Mr. SPENGLER. Twenty dollars a month, furnished.

Mr. MILLER. From the—

Mr. SPENGLER. From the lady that originally leased the apartment. I have no complaint to offer as to that. When I wrote the letter to Senator Ball it was along another line. In the meantime, as I was told the other day, the chances were that I might be asked something about the increase in rents. I have evidence from some friends of mine that are living in another apartment. They have rented rooms, and I have a letter that I can submit to you, as it was given under seal.

Mr. MILLER. In other words, you are presenting to the committee this exhibit facts in connection with one of your friends, and these facts have been sworn to?

Mr. SPENGLER. Yes, sir.

Mr. MILLER. From whom is the communication?

Mr. SPENGLER. Estelle A. Lindsay, principal clerk, executive branch, Zone Finance Office, 1729 New York Avenue.

Mr. MILLER. Let that be inserted in the record as Exhibit A.

(The communication referred to, marked "Exhibit A," is as follows:)

EXHIBIT A.

WAR DEPARTMENT,
August 25, 1919.

To whom it may concern:

This is to certify that on September 1, 1917, I rented apartment No. 3, at No. 25 H Street NW. (the Riveria), of Dr. Miller, the owner, paying a rental of \$23.50, without lease.

On or about April 1, 1918, upon request of an agent, Mr. Metcalfe, who took charge of the apartment at that date, my rent was raised to \$25.50, and was required to sign a six-months lease. At this time I wanted to sign a longer lease, but was not permitted to do so.

On June, 1919, the rent was raised again to \$27.50, and I was requested to sign a 16-months lease. This I refused to do; however, I did pay the \$27.50.

That previous to the time I took possession of the apartment the former tenant had had a fire which destroyed the door panel in the outside door and ruined the paint on the wall. I requested the agent to put in a new door panel, which he refused to do, so I was required to put in this panel at my expense, and also was required to paint my walls, as the water from the extinguishers and chemicals had made the place uninhabitable.

There are about 15 apartments in this apartment house, and the rent varies from \$25.50 up to \$35.50 per month, according to the people, there being practically no difference in the apartments.

At the time the agent insisted upon my paying the increased rental, June, 1919, and upon my telling him I would not pay it, neither would I sign a 16-months lease, he informed me that as soon as peace was declared he would let me out. I do not doubt in the least but what he would do so. I was then informed that this agent ousted a Greek family from the apartment house. The only objection being that they were Greek, and that the woman, who was to me to be altogether respectable, was in a delicate condition.

(REAL)

ESTELLE A. LINDSAY,

Notary Public, Principal Clerk Zone Finance Office.

Mr. MILLER. I do not know that there are any more points that I desire to bring out from this witness—unless you have something that you desire to give us, briefly?

Mr. SPENGLER. I was speaking to this lady and she said, "If you are going down there, you might give this letter." I received a subpoena to come down here to testify, and the lady said "You might mention this fact." We have received this intimation, that on the 1st of October the rents will be advanced, but they have received no written notice to that effect. The property this lady is renting is owned by the Bliss estate, and they own two adjoining buildings, 1334 and 1336. There are nine apartments in those three buildings. Each one of the apartments rents for \$38 a month. The janitor service is paid at the rate of \$15 a month to the janitor. The service, of course, is in keeping with that.

As far as I can understand, the heating of the apartments last winter was all that could be desired. There was no complaint on that score. There was some trouble the winter previous, but as far as last winter was concerned there was no fault to find at all. There

have been no repairs made in two years that these people have been occupying this place; no papering or anything of that sort.

Then I might mention another case. A friend of mine, Mr. Theodore W. Gates, 915 North Carolina Avenue, SE., has been living in his place for four years, renting the property at \$22.50 a month. They were notified, I think, along about the first of April that the rent would be advanced to \$25 a month. Since they they were notified that the rent would be advanced to \$30 a month. No repairs have been made. The plumbing had to be done by the tenants themselves.

Mr. MILLER. Who are the owners' agents?

Mr. SPENGLER. I can not tell you that; the property is at 915 North Carolina Avenue, SE.—Mr. Theodore W. Gates.

Mr. MILLER. Is that all you have along that line?

Mr. SPENGLER. Yes, sir.

Senator CAPPER. Do you think that the situation as to the scarcity of homes, apartments, and residences, and rooms and the situation as to high rentals are becoming more serious instead of easing up, notwithstanding that the war has been over for nearly a year?

Mr. SPENGLER. I do.

TESTIMONY OF MARY E. HENANGHAM.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you give your name and address and the apartment in which you live?

Miss HENANGHAM. Mary E. Henangham, 1329 Fourteenth Street NW., third floor flat.

Mr. MILLER. Is there any particular name to that apartment?

Miss HENANGHAM. No, sir; there is not.

Senator SHEPPARD. Is it front or back?

Miss HENANGHAM. We have the front and the use of the kitchen and the bath. We have three rooms, and then we have the use of the kitchen and the bath, and the woman we rent from has one room, which was originally the dining room to the flat next to the kitchen, and she rented it from the lady who lives downstairs.

Mr. MILLER. In other words, the rooms that you live in are sublet?

Miss HENANGHAM. Yes, sir.

Mr. MILLER. Do you know what the person who sublet those rooms pays for them?

Miss HENANGHAM. I am not positive, but I think about \$50, unfurnished.

Mr. MILLER. How long have you lived at this place?

Miss HENANGHAM. Since the 6th of February, 1919.

Mr. MILLER. Will you tell the committee the points you wanted to bring out concerning your experience at this place?

Miss HENANGHAM. All I have to say is that we are paying \$60 for these accommodations, just the two of us, my sister and myself. We think it is too much for that particular place. We have been there since February, and before that we had cheaper rent. The reason we had to take this flat, or did take this flat, paying so much rent, is because the place we were living in was not fit for a normal person to live in. There were 25 girls using one bathroom in the

house at 1410 Eleventh Street NW. The woman had taken this house and she had an apartment in the Plymouth. I do not know what she was doing at that apartment. She was a doctor and she moved down the street and took this house with three floors. The house just took care of itself. She had 25 girls in there and one bathroom.

Senator SHEPPARD. Were they war workers?

Miss HENANGHAM. They were all supposed to be. They were most of them brand-new arrivals; and the only reason—we were not given time to look around. It was about the time that the armistice was signed and everything was filled. My sister and I were in a house that we had rented for the summer, and when the two old ladies returned from New England, from whom we had rented, there was something wrong with the contract they had made with us. They said they would let us take the house four months, and when the contract was made out they left a blank space. They said they would fill that in when they got home. We told them we would not take the house unless we could have it for four months. When they were going the 1st of June they filled in the date and put it back to the 15th of May. Then they wanted to come back the 15th of September. I sent them the rent for the house by post office money order, and they came back too soon, sooner than we expected them to come or wanted them to come. Then we would have given up the house if they had given us a room. They had rooms to rent. They wanted to rent rooms. They said they were going to put in a new bathroom on the first floor, and that was the reason they had to vacate those rooms adjacent thereto, because the workmen could not do the work with the roomers in there.

I went to the housing committee. In the first place, the housing committee told me we could stay there, and to send the old ladies to them, and they would see these ladies. We gave the old ladies notice that the housing committee wanted to see them, and they went up here, and after the housing committee got acquainted with them they had a change of heart and said they did not know. They would not talk very much business to us at all when we would go to them. We both went to them. They told us—we gave them evidence, the little contract, and everything. They told us to bring in everything, after a long time, to Capt. Peyser, and they would look over the case. They had everything we could give them, and they knew the story. We had gone to three different—

Senator SHEPPARD. Can you tell us what the rents were at 1410 Eleventh Street?

Miss HENANGHAM. They were paying \$15 a month each.

Senator SHEPPARD. What were you and your sister paying?

Miss HENANGHAM. We were supposed to pay \$15 a month each. We had our own bed and our own linen.

Senator SHEPPARD. For one room?

Miss HENANGHAM. One room? There were 3 or 4 or 5 or 6 in a room.

Senator SHEPPARD. At \$15 apiece?

Miss HENANGHAM. Yes, sir. Five or 6 girls came there and took that space. I think it was 5, because there were three single beds and one double one.

Senator CAPPER. What rent did you say you paid for it?

Miss HENANGHAM. I think what they paid for that one room amounted to about \$65. Let us see—5 girls? They got it for a little less than that, because there were 5 of them. They were sisters, cousins, and so on, and wanted to stay together.

Senator CAPPER. How many are there in that room now?

Miss HENANGHAM. We have not been there since February.

Chairman BALL. Where is this house?

Miss HENANGHAM. This is Dr. Amberger's house, 1410 Eleventh Street NW. She is the woman who had the apartment in the Plymouth. The way I found that out was that I heard her talking over the telephone to the electric light people. She said there was something the matter with the electric lights, and she had some people, I do not know just who, taking care of her apartment. She did not say it was sublet. I guess the Plymouth did not allow subletting. I do not know. She was a doctor of—I do not know what kind of a doctor, but she used electricity, and so on, and she had her business in the basement. The reason we could not stay there, these girls would be up until midnight and 1 or 2 o'clock. We would go to bed and go to sleep at the time of the evening when society folk are out, and we would be sound asleep when they would come in; and then the piano would begin and the whole house would be just like midday. On top of that I had to go down to the War Trade Board at half past 8 in the morning.

Senator CAPPER. You are paying now, you say, \$60?

Miss HENANGHAM. Yes, sir; I have the receipts here with me. I have the one paid Dr. Amberger, the first one I paid her. I have a sample of that, and I have two samples also of what I am paying now.

Senator SHEPPARD. Have you been notified of any raise?

Miss HENANGHAM. No, sir; what we want is for somebody to say that there shall be a decrease.

In this house I was telling you about, where we had something to do with Capt. Peyser, we were evicted. All of our things were put on the curb. Every roomer in the house—two that had been there a few weeks before—left on Sunday, and our things were put out on Monday, and that was the reason we had to go to such a place as Dr. Amberger's.

Mr. MILLER. Will you please state to the committee who Capt. Peyser is? I want to get it on the record.

Miss HENANGHAM. Capt. Peyser. I thought everybody knew him.

Mr. MILLER. I am just asking you to state it so that we can get it on the record. His name is Capt. Julius Peyser, and his office is in the Wilkins Building.

What has been his service to the Government employees?

Miss HENANGHAM. Why, I understand that he was the head of the housing committee.

Mr. MILLER. He looked after the interests of the Government employees?

Miss HENANGHAM. He was supposed to. He was down at the War Trade Board and made a speech, and told them how they might take their own part with these landlords.

Senator SHEPPARD. You have been a resident of Washington permanently?

Miss HENANGHAM. No, sir; I came in July, 1917.

Senator SHEPPARD. Where are you from?

Miss HENANGHAM. Oklahoma.

Senator SHEPPARD. What part of Oklahoma?

Miss HENANGHAM. Sixty miles southwest of the capital, Anadarko.

Senator CAPPER. How do you find the cost of living here compares with that in Oklahoma, as to everything aside from rent?

Miss HENANGHAM. Oh, everything else aside from rent. I would not think that any married man in Washington, D. C., would ask any questions about it unless he and his wife were millionaires and did not care what they were paying at all. The other prices, of course, are just in accordance with the high cost of rent. Just the other day the last pound of coffee that I bought was 60 cents for the White House coffee. That is coffee that, in February, when I first went to the flat, I got for 40 cents. This man, Sam Kiatta, I guess his name is, sold me the coffee and said. "I paid 58 cents wholesale in Boston."

Senator CAPPER. You did not answer my question as to how the prices compare with the prices in Oklahoma.

Miss HENANGHAM. There is no comparison. I am renting my own house down there where I come from at the same rent that I was getting before I came away from there. For several years before I came away I was renting this particular house, and I am getting the same rent for it. The prices of other things are not anything like they are here. I remember that in 1917, or the close of 1916, we were talking about the fact that things were getting higher; but we read in the papers that Congress had appropriated \$400,000 to investigate the high cost of living and they were not going to let it get much higher. Congress has not done very much with that \$400,000 to decrease the cost of living. The taxpayers had to pay the \$400,000.

Chairman BALL. What rent did you say you were charging in Oklahoma?

Miss HENANGHAM. I have five nice rooms and a bathroom in the best part of the little county seat down there, for \$17.

Senator SHEPPARD. You rent it for that amount a month?

Miss HENANGHAM. I do. I wish I had an airship so that I could tie it on and bring it over here.

TESTIMONY OF MR. JOHN W. STAGGERS.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Staggars, will you give your full name and place of business?

Mr. STAGGERS. John W. Staggars, 712 Columbian Building, Washington, D. C., and 1411 Flatiron Building, New York City.

Mr. MILLER. I will say for the information of the committee that Mr. Staggars, one of the real estate agents and owners of Washington, D. C., was called to-day because he has to leave town and can not be here Thursday, when we expect to have the others.

Mr. Staggars, will you tell the committee what apartment house or houses you are agent for here, and your relations with them?

Mr. STAGGERS. I am supposed to own some property in the District of Columbia. That is, I had control of it up to the date of the Saulsbury resolution. Since then I have had my doubts as to whether I am the owner or not.

Mr. MILLER. What is the address?

Mr. STAGGERS. 436 M Street NW. is where the apartment is located.

Mr. MILLER. How many apartments?

Mr. STAGGERS. Sixteen.

Mr. MILLER. What is the average number of rooms in each apartment?

Mr. STAGGERS. They run from three rooms and bath up to five.

Mr. MILLER. How long have you been connected with the management of this apartment?

Mr. STAGGERS. From the time it was constructed.

Mr. MILLER. Give us the date.

Mr. STAGGERS. About eight years ago; I can not give you the exact date.

Mr. MILLER. Since 1911?

Mr. STAGGERS. Around or about that time.

Mr. MILLER. Will you give the committee the average yearly rental that you charged and whether the apartment was filled up or not?

Mr. STAGGERS. The rent was the same during the year of 1911 as it was up to 1917.

Mr. MILLER. Please give specific dates. You mean the 1st of January, 1918?

Mr. STAGGERS. I think I should state for the benefit of the committee that I have a secretary who takes care of these matters and at this time she is on her vacation, and was away when I received the notice to appear before you. Therefore I can not give you the exact dates as I should like to do. Just prior to the Saulsbury resolution I called on some of my tenants and asked them if they would come down to my office and go over the records as to income from the property. I would furnish them the amount of money invested in the property, also the expenses, and I was perfectly willing for the tenants in the Mohawk Apartments to go over my records and then let them decide whether or not an increase should be had. The reason for this proposition was that up to that time the loss on the property had been more than \$1,000.

CHAIRMAN BALL. 1916?

Mr. STAGGERS. 1916.

Mr. MILLER. If that was before the Saulsbury resolution was passed, it was 1917.

Mr. STAGGERS. The first notice I gave my tenants was just prior to that.

Mr. MILLER. That is, you wanted it to take effect in the rental year of 1917-18?

Mr. STAGGERS. Yes, sir. The leases ran out at the time the notice was given. I did not make any leases during the life of the Saulsbury resolution. Some few, possibly a half a dozen—I believe—of the tenants voluntarily came to my office and said that they realized that the apartment was not paying and that they were perfectly willing to pay an increase in the rent. The increase which they paid during that year ran under the amount sufficient to pay interest on

the investment at the rate of 5 per cent and to pay for the upkeep of the apartment. I had some tenants that I did not particularly care for and would liked to have had them out, but under the Saulsbury resolution I could not very well put them out without making some serious charges which I did not care to go to the extent of doing—

Mr. MILLER. Right at that point; the Saulsbury resolution was not adopted until 1918; so how could you have known about that in doing business with your tenants—

Mr. STAGGERS. I do not know about—

Mr. MILLER. Let me finish my question [continuing]. For the rental year preceding October 1, 1917, which is the year you are dealing with now?

Mr. STAGGERS. I just got through stating to you that prior to the Saulsbury resolution was the first time that I ever took up the question of advanced rents with the tenants.

Chairman BALL. He stated, Mr. Miller, that he was not exact in the dates.

Mr. STAGGERS. I am not exact. If you want the exact dates, when my secretary returns I will be very glad to have them furnished you.

Chairman BALL. The date is not necessary.

Mr. STAGGERS. I want to say further that the records will show that there has not been more than a month's vacancy in the apartment house since I had it.

When I first got the apartment soft coal was costing me about \$3.90 a ton. I paid as high as \$16 a ton for soft coal and as high as \$11 a ton for hard coal since then and during the coal stringency here. As to repair work, prior to the war I had some repairs to make on a side porch which cost me a fraction over \$25. I had an estimate of the same repairing a few days ago, and I have that estimate in my office, and it was for \$150.

I want to say for the benefit of the committee that the property owners, as I have observed it from investigation are not the rent profiteers in Washington, but that people who come in and rent from the property owner and sublet and then in turn sublet again for a still higher price are the guilty ones, and they are principally men who are brought in here as the constituency of Congress, and I can give you—

Mr. MILLER. Are there any people renting apartments in the Mohawk who come in that category?

Mr. STAGGERS. I will not say that there are now, but what I want to say is this: That I rented apartments to people with a family of three who brought in as many as eight by renting out rooms or subletting, and they were getting more rent out of those people than they were paying in rent to me.

Mr. MILLER. But to-day are there any tenants that do any subletting in the Mohawk?

Mr. STAGGERS. I can not say as to that; I am having that phase of the question looked into at this time and my secretary will be able to give you this information, if desired.

I own property at 613 Keefer Place, Northwest. I rented that property for \$30.50 a month. A real estate man notified me that the tenant had sublet this house for \$75 a month, and yet under

THE SAULSBURY RESOLUTION I can not get possession of my own property.

CHAIRMAN BALL. What did you rent it for?

Mr. STANBURN. \$50.50.

CHAIRMAN BALL. Was it furnished?

Mr. STANBURN. No, sir.

CHAIRMAN BALL. Did the person furnish it who sublet it?

Mr. STANBURN. That I do not know. All I know is what I have told you. I have had the property up for sale at exactly the same price that the property cost before the war and I have not asked more of it. A real estate man came to me the other day and said, "This property ought to sell for more than that, for it is rented for \$50 a month." This is the first information I have had that the property had been sublet.

SENATOR BALL. Let us understand about this subleasing. You rent it to a tenant.

Mr. STANBURN. No, sir; I do not. I rent it to this man as a tenant for a month to month.

SENATOR BALL. You can not get him out under the Saulsbury law, can you?

Mr. STANBURN. I am not making a complaint; I am just telling you what the property owners have to put up with in Washington.

SENATOR BALL. We want to see where the trouble is. That is what we want to find out. If it is rented for any specific time, he could get out at the end of that time except for the Saulsbury law?

Mr. STANBURN. If the bill that was put through Congress is a law, it will not rightly be calling it a law—

SENATOR BALL. We like to be respectful to the laws of the United States.

Mr. STANBURN. I am myself, certainly. Let me explain this state of affairs to Saulsbury—

SENATOR BALL. We refer to Senators here by their titles.

Mr. STANBURN. Pardon me; I did not know that he was a Senator. At any rate, I called to see him before the resolution was passed and suggested that if he would have a commission created so that the property owner could place the facts in any given case, such as furnishing the commission with a statement of the amount of money invested in the property at which the rent was proposed to be increased; also a statement of the amount received as rent with a statement of the expenses of the property owner, it would be a matter for the commission to decide whether the property owner would then receive a fair and reasonable return on the money invested. The property owner who has accepted that proposition, in my mind, would be an exception to the Saulsbury law. Senator Saulsbury stated that the bill was already under consideration at that effect, and that he could not be put in the attitude of accepting his own bill. I know a great many property owners who are sure there is not any real, honest, true objection and I am quite sure there is not any real, honest, true objection who would have objected during the war to a fair and reasonable return. I have talked to a great many property owners who would have only been too glad to have had a commission created.

SENATOR BALL. In explanation of that—

Mr. STAGGERS. Just a minute, if I may be permitted to finish.

Where these properties were sublet, not only in one but hundreds of cases, men came to the city as a result of the war work. They had money, some of them, a great many of them. They came in and they wanted quarters. It made absolutely no difference to them what prices they paid. They would go to a man who was renting property—for instance, my law partner here in Washington had property that he was paying \$75 a month for, unfurnished. A man was looking for an apartment and he said to my law partner, "I understand you have a country home. I am looking for quarters and the price does not enter into it. I will give you \$250 a month for the place." Many other people did the same thing. That is the way rents began to be increased—by leaps and bounds—and that was the beginning of profiteering. There are two sides to the proposition. The property owner who was honorable enough not to increase the rent and burglarize the public who were coming here looking for quarters, after the Saulsbury resolution went into effect were not permitted to increase their rents as their expenses increased, but were denied the right to prevent a loss to themselves, but those who had already increased the rent in some cases several hundred per cent were permitted to go on and collect during the war while the real owners of the property were denied a fair return on their investment. As stated before, I lost money practically all during the war as a result of the Saulsbury resolution.

Mr. MILLER. There is one other point.

Chairman BALL. This is very important evidence that he is giving us, Mr. Miller.

Senator DIAL. Exactly, Senator. I want to show whether or not it is the landlord or the sublessors.

Chairman BALL. It is a very important situation.

Mr. STAGGERS. I want to give you another illustration: I moved from a property at 1301 Geranium Street, N. W., last October. This property cost to construct \$9,150. I have the figures furnished by the builder. The lot is 90 by 140 feet, and I believe the ground is worth 35 cents a square foot. I did not rent the property because I desired to sell it, and I knew that the chances for selling it while the property was occupied were very remote, as property owners have had to go to court to get possession of their property. I have offered the property for sale, and offer it for sale to-day for less than what the building actually cost. If there is anyone who wants to buy property and will pay me \$9,000 for this particular piece of property, he can take it, and I can show him that the building cost more than the price put on the property. It was built long before the war, when building was not as expensive as it is to-day.

Senator DIAL. Can you approximate how much property is subleased?

Mr. STAGGERS. I would not like to make an estimate on that. I have lived in Washington for about eight or ten years and the property which I have has been accumulating in that time. I have come in contact with a great many property owners and I find that they have nearly all agreed that from 70 to 80 per cent of the rent profiteering is done by people who have rented an apartment and sublet and it has been sublet again and each time at a higher price. I be-

lieve there were people who were making a business of going around and renting apartments to sublet at a higher price.

Senator DIAL. I was going to ask you if you knew anything about anyone who made a business of that.

Mr. STAGGERS. I am quite sure that the committee will find that if they go far enough, that there were real-estate firms and companies organized for that purpose.

Senator DIAL. Can you give any of the names of the firms to the committee?

Chairman BALL. You think there is really an organized real estate company doing that?

Mr. STAGGERS. No; I hope I will not be misunderstood—

Senator DIAL. I understand that is your statement. That is what I am trying to find out.

Mr. STAGGERS. No; some real-estate men, I say, I do not say the leading real-estate men in the District.

Senator DIAL. I did not say "leading". I said a real-estate organization.

Mr. STAGGERS. I would not say there was an organization, because I do not think the real-estate men of the District would actually become a party to that; but I think there are people who are sort of offshoots from real-estate firms that have been doing that.

Chairman BALL. The report that has come to me was that it was people not connected in any way with the real estate business; people here in Washington not doing a real estate business in the past, but who saw the opportunity and have seized this opportunity to fleece the people of Washington and make a little money for themselves. If they are connected with the real estate business, there is a very much better opportunity for us to get concrete evidence about it.

Mr. STAGGERS. I was asked a question by the Senator whether or not I could give the names of any one who was engaged in that business. I have called to mind a circumstance of one case where a man told me in my office that he had some four or five apartments that he had rented and sublet. I have had some correspondence with this man on a purely legal matter, and if the committee so desires I will furnish the name. I do not care to do it now, however, but as stated, will mail it to you, if you wish me to do so.

Chairman BALL. If you will, mail me the name, then.

Mr. STAGGERS. I have in mind a case that came up just a few months ago where a party in the Government service wanted a room, and the only way he could get one was to take an apartment and pay \$40 for two rooms and bath. He rented it, saying that he knew he could rent it for \$100 just as easy as what he paid for it. He did so, and sublet it again for \$80. I do not care to give the young man's name. He is in the Government service, and was called away to another place. These cases can be found by the hundreds.

Chairman BALL. The people whom we want to reach are those who are making a business of this proposition. I understand there are a number of people—

Mr. STAGGERS. I believe there are.

Chairman BALL (continuing). Who are making an absolute business of it and do not pretend to do anything else.

Mr. STAGGERS. I believe there are.

Chairman BALL. And who have leases on a number of properties and now are subletting those properties at a very great advance.

Mr. STAGGERS. That is very true.

Chairman BALL. You can send us the names of any of those people.

Senator DIAL. Do you know of any agreement to increase the rents on the first of October?

Mr. STAGGERS. No, sir; I do not. I have never been approached in any such a proposition. I increased the rent or attempted to increase rents in the apartment house and proposed to increase it for reasons stated a while ago.

Senator DIAL. That coal business was only temporarily.

Mr. STAGGERS. No, sir; it has constantly been going up for two or three years.

Senator DIAL. I mean the extraordinary price of coal.

Mr. STAGGERS. I paid during last winter as high as \$9.50 a ton for soft coal and \$11 a ton for hard coal. I had a contract submitted to me some days ago and it stated that I must sign up immediately. I wanted to get the coal at the prices submitted—that they were not to be increased from \$1.00 to \$2.50 per ton.

Senator SHEPPARD. What is the price now?

Mr. STAGGERS. I paid about \$11 for hard coal.

Senator SHEPPARD. Before the war it was about \$9.

Mr. STAGGERS. Oh, no; I was paying \$3.90 a ton for soft coal and \$5.00 for hard coal. These prices have been increased from time to time and I have paid as much as \$16 per ton for soft coal.

Senator ELKINS. What are you burning—soft coal or hard coal?

Mr. STAGGERS. I burn hard coal in the hot-water heater and soft coal to heat the apartments.

Senator ELKINS. Which cost you the most?

Mr. STAGGERS. The hard coal.

Senator ELKINS. What do you pay now?

Mr. STAGGERS. I think I am paying about \$9 per ton, as I am only using the hot-water heater during the summer months. In order to give you the correct figures I would have to communicate with my secretary.

Senator SHEPPARD. Have you served notice of an increase in rents for the next rent year?

Mr. STAGGERS. There is no next rent year; these tenants are only tenants from month to month.

Senator SHEPPARD. Have you increased rents?

Mr. STAGGERS. I have.

Senator SHEPPARD. How much, generally?

Mr. STAGGERS. I would have to have that figured out for you. The increase is anywhere from 15 to 30 per cent.

Chairman BALL. What are your prices now?

Mr. STAGGERS. I have not an apartment that runs over \$60, and that is a five-room apartment.

Senator DIAL. Is that furnished?

Mr. STAGGERS. No, sir; it is not furnished.

Chairman BALL. When will your secretary be back?

Mr. STAGGERS. I think about the first of the month.

Chairman BALL. Would you have her submit to us—

Mr. STAGGERS. I can have her furnish you a statement of the expenses and rents that I have received prior to this time and propose an increase. I will, indeed.

Senator SHEPPARD. What other element of expense has there been besides coal?

Mr. STAGGERS. If you have to have papering done to-day which is necessary every time an apartment is vacant, it will cost three times as much as it did before the war. During the war I made no objection to the tenants bringing in the apartment a greater number than the apartments were rented to—but I do object to it now. Any one who has ever owned property knows that there is a greater wear and tear on an apartment when there are 8 or 10 in it than when there are 2 or 3. There has been no vacancies in the apartment house for the last two or three years. It happens occasionally for some reason that people are transferred out of the city and when they have vacated, it is necessary to have every room in the apartment papered, the kitchen painted and I have bills to show that it cost more than three times as much now for the repair work than it did three or four years ago.

Senator SHEPPARD. What about your help in the apartment?

Mr. STAGGERS. I am paying an increase, but the increased help is a small factor; a very small factor.

Senator SHEPPARD. It is the expense of repairs and coal that is the main thing?

Mr. STAGGERS. The repairs and coal are the main things, together with the wear and tear of the property.

Senator ELKINS. Do you stock up with coal in the summer?

Mr. STAGGERS. No, sir. I do not find it advisable to do so.

Senator SHEPPARD. What is your business?

Mr. STAGGERS. I am a lawyer.

Senator SHEPPARD. And have been practicing here how long?

Mr. STAGGERS. Eight years here; I have been practicing 12 years all told.

Senator SHEPPARD. Where did you live before you came here?

Mr. STAGGERS. I practiced law in Missouri and in Colorado, and now have an office in New York and one here.

Another matter that I want to call to the attention of the committee is this: I have not a piece of property in the District of Columbia, including a business property of 14,000 square feet within four blocks of the Capitol, that I would not sell for 10 per cent less than what it cost me; and there was not a piece of this property acquired less than two or three years prior to the war.

TESTIMONY OF HENRY JOHNSON.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. What is your full name?

Mr. JOHNSON. Henry Johnson, 3707 New Hampshire Avenue.

Mr. MILLER. What is the name of the apartment?

Mr. JOHNSON. It is not an apartment, sir. It is a house and lot.

Mr. MILLER. Will you state to the committee how long you have lived in this house?

Mr. JOHNSON. I do not live in it; I am the owner. My inquiry is in regard to the expenditures I had made, whether I could, if

Senator Saulsbury's law, have any increase in the rent because of the expenditures. I have put some \$600 on the property.

Mr. MILLER. We want to ask a few questions, and then we will hear our statement.

You rent out rooms in this house?

Mr. JOHNSON. No rooms, sir. There are two five-room houses, and 5 V Street.

Mr. MILLER. To whom do you rent?

Mr. JOHNSON. Mr. Williamson, and a gentleman and lady—separate houses.

Mr. MILLER. What rent do you charge them?

Mr. JOHNSON. I have been charging \$9.50 a month. The 50 cents for water tax.

Mr. MILLER. How long have they been renting from you?

Mr. JOHNSON. One about seven years; the other perhaps about five.

Mr. MILLER. What is the point of your inquiry of the committee?

Mr. JOHNSON. The point of the inquiry was that the District government, after 20 years, placed a sewer in front of the street. It is on V Street, and the houses are just exactly 132 feet from Nichols avenue, the principal thoroughfare there—

Chairman BALL. There is no complaint, then, as to the rents.

Mr. JOHNSON. Yes, sir. The question is that I have expended \$600 within the last 30 days, a little more than that, by the act of the commissioners in placing a sewer there, and I don't know whether, under Senator Saulsbury's law, I am in a position to ask an increase of rent, as the benefits are all there.

Chairman BALL. This committee is not in a position to give any advice as to the construction to be placed upon the Saulsbury law, as I understand it, as to the rights that you have, and so forth. We are investigating rent profiteering in the city, as to whether higher prices are being charged than are proper and legitimate—

Mr. JOHNSON. Pardon me, Senator. I would like to know as a landlord, whether, having expended that much money, there is any law under which I could expect to increase the rent of these houses, or whether I can eject a tenant whom I consider as objectionable.

Chairman BALL. You will have to ask legal advice on that point.

Mr. JOHNSON. That is what I wrote to the committee.

Chairman BALL. The committee made a mistake in summoning you.

Mr. JOHNSON. I am very glad to be before this honorable committee, but I am sorry I can not get any information.

TESTIMONY OF MINA L. DRUILHET.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you give your full name and the place in which you live?

Mrs. DRUILHET. Mrs. Mina L. Druilhet.

Mr. MILLER. And the address?

Mrs. DRUILHET. No. 1412 Chapin Street, Berkshire apartment.

Mr. MILLER. How long have you lived in this apartment?

Mrs. DRUILHET. I rented it since May 20, 1918.

Mr. MILLER. Were you living in Washington before that date?

Mrs. DRUILHET. Yes.

Mr. MILLER. What do you pay for this apartment, and how many rooms are there in it?

Mrs. DRUILHET. I pay \$40 for two rooms and bath. It is supposed to be furnished, and I am complaining about my furniture.

Mr. MILLER. You mean, in other words, that you expected to get a furnished apartment?

Mrs. DRUILHET. I expected, at least, to get a good bed. I got no bed—

Mr. MILLER. One moment. Will you please tell us what are the principal articles of furniture in these rooms?

Mrs. DRUILHET. When I looked at it there was a double bed, two folding cots, a chiffonier, a dressing table, chair, a sideboard, dining-room table, ice box, six chairs and a Morris chair, and an ordinary kitchen table. After complaining, finally, six months after I got two rockers.

Mr. MILLER. You found not as much furniture in there as you expected to find?

Mrs. DRUILHET. No, sir; when I came in I asked the janitor, "Where is the other cot that was in here?" and she said, "I had taken it away because it was full of bedbugs." I let it go at that.

Mr. MILLER. In other words, the complaint that you want to make to the committee is that you did not find all the furniture in there?

Mrs. DRUILHET. No, sir; the furniture I got is good enough. I do not complain of the furniture. I want a good mattress. I slept there; I do not know how many nights—I went to the agent in July. You see, I had been there two months. I went to the agent in July and said, "Can you please give me a good mattress?" "Well," he said, "we will see about it."

Mr. MILLER. The point you want to make is that you have not been treated properly with respect to the furniture. Have you any complaint to make about the rent?

Mrs. DRUILHET. No, sir; we are willing to pay \$40, but I want to renew my lease.

Senator SHEPPARD. Has he asked you for an increase?

Mrs. DRUILHET. I am paying the increase.

Senator SHEPPARD. What is the increase?

Mrs. DRUILHET. I do not know. He told me the apartment was not for rent—I can not tell you the price. It was unfurnished, you know.

Senator SHEPPARD. They have not asked you for any increase over \$40?

Mrs. DRUILHET. No, sir; not yet. But I want to renew my lease, but he will not renew it, though I have gone there twice and complained about the matter.

Senator SHEPPARD. From whom do you rent?

Mrs. DRUILHET. From the Fidelity Storage Co. I spoke to Mr. Dryden, the agent. He is the gentleman who—

Chairman BALL. You rent from the Fidelity Co. proper?

Mrs. DRUILHET. Yes, sir; the Fidelity Storage Co.

Chairman BALL. From whom do they rent?

Mrs. DRUILHET. I do not know. Mr. Dryden is the agent.

Chairman BALL. Are these rooms unfurnished?

Mrs. DRUILHET. Oh, he rents some of them in that building unfurnished; yes.

Chairman BALL. What difference do they make between the unfurnished and the furnished apartments?

Mrs. DRUILHET. The lady who has an apartment absolutely like ours pays—I am not sure whether it is \$25 or \$27.

Chairman BALL. The thing I am trying to find out is whether you rent from the parties who rent that apartment unfurnished?

Mrs. DRUILHET. I think I do.

Chairman BALL. Or whether you rent from a third party who has a sublease—

Mrs. DRUILHET. I can not answer. I know who is the agent, but I do not know who owns the building.

Chairman BALL. Of course, I know that in many instances the furniture is just such as you state.

Mrs. DRUILHET. Yes; I have been told—

Chairman BALL. We have been informed that they are subletting an unfurnished apartment; that is, they are furnishing it and then subletting it and charging more than twice the rent that they are paying and calling it a furnished apartment when there is no furniture in there.

Mrs. DRUILHET. We pay \$40, and I wish I could see where that represents a \$4,000 investment.

Senator SHEPPARD. What furniture have you there now?

Mrs. DRUILHET. I have a bed, a white-enamel bed. The original spring was so bad that the two girls who slept in it had to put a trunk under the mattress to keep from sagging to the floor. We got tired of that, and I bought a spring and these folding cots. Two of us sleep together in a three-quarter folding cot. I went to the agent and asked him to give me a good mattress because I could not sleep. Here [indicating] is the filling of the mattress that I slept in. I went to work and bought a mattress myself, and here is the receipt for the money I paid for it.

Senator SHEPPARD. How much?

Mrs. DRUILHET. It is a mattress that cost \$28.75, but I got a discount for cash, so it makes the mattress cost \$25.90.

Senator SHEPPARD. Would he not buy that?

Mrs. DRUILHET. I bought it myself.

Senator SHEPPARD. Would the agent not assume that charge?

Mrs. DRUILHET. No, sir; to this day I have never been reimbursed. Complaints were unheeded.

Chairman BALL. Are you by yourself in the room?

Mrs. DRUILHET. No, sir; when I rented the apartment I asked the gentleman if it was all right for us to have more than two or three in the room, and he said as many as wanted to could occupy the room, and four of us are in the apartment.

Chairman BALL. You are paying \$40 for the four of you?

Mrs. DRUILHET. Yes, sir.

Chairman BALL. Have you some data there on the cost of individual groceries and foodstuffs?

Mrs. DRUILHET. Yes, sir; I can leave these bills for you.

Chairman BALL. Just recite a few of them.

Mrs. DRUILHET. Lard—1 pound of lard, 45 cents; butter, 65 cents Senator SHEPPARD. A pound?

Mrs. DRUILHET. Yes, sir. Four veal chops, 85 cents; half a pound of bacon, 30 cents. I have paid as high as a dollar for four veal chops. One can of condensed milk, 17 cents; two cantaloupes, 21 cents—

Chairman BALL. We just want an idea of the retail prices.

Mr. MILLER. There is one question I wanted to clear up. You stated that four people in the room were paying how much apiece?

Mrs. DRUILHET. We pay \$40 a month rent, so we each put up \$10 That covers the rent.

TESTIMONY OF RICHARD E. ROBERTS.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name, and where you live, and the name of the apartment in which you live, if any.

Mr. ROBERTS. Richard E. Roberts, 2544 Fourteenth Street NW Apartment No. 6.

Mr. MILLER. It has no name?

Mr. ROBERTS. No, sir.

Mr. MILLER. How long have you been living there?

Mr. ROBERTS. We moved in there, I think, May 15, 1917.

Mr. MILLER. When you came there, how much did you pay for the rent of the apartment, and how many rooms were there in it?

Mr. ROBERTS. We paid \$32.50 a month and there were five rooms.

Mr. MILLER. And bath?

Mr. ROBERTS. Yes, sir.

Mr. MILLER. How long did you continue to pay that rent?

Mr. ROBERTS. Well, we have continued to pay that rent ever since.

Mr. MILLER. Have any demands been made upon you for an increase?

Mr. ROBERTS. Yes, sir.

Mr. MILLER. When were those demands first made?

Mr. ROBERTS. If you will allow me—

Mr. MILLER. If you will just answer my questions, it will save time. We have a number of witnesses here.

Mr. ROBERTS. All right. I sent a copy of this lease to this committee.

Mr. MILLER. That is all right. We want to get your sworn statement. Just answer my questions, please.

Chairman BALL. If he has the notice of increase in rent, we want that put in.

Mr. MILLER. Have you the notice of your increase?

Mr. ROBERTS. Yes, sir. I thought you had it.

Mr. MILLER. I want to make it plain to you that you are here to give testimony in response to questions asked you, and it has been put in the record that way, to be your sworn testimony.

Mr. ROBERTS. All right, sir.

Mr. MILLER. When did you first receive demand for an increase in rent?

Mr. ROBERTS. Well, there is no date to that, on that lease.

Mr. MILLER. Does that lease carry the increased price of your monthly rental?

Mr. ROBERTS. Yes, sir.

Mr. MILLER. When did you get it?

Mr. ROBERTS. I think about six weeks or a month ago.

Senator SHEPPARD. How much of an increase does that carry?

Mr. ROBERTS. Seven dollars and fifty cents a month.

Senator SHEPPARD. In other words, you will have to pay \$40 a month for the next year?

Mr. ROBERTS. Yes, sir; that is right.

Mr. MILLER. Have you signed that lease?

Mr. ROBERTS. No, sir.

Mr. MILLER. Who are the people that own the property—or the agents?

Mr. ROBERTS. The agent is B. F. Saul & Co.

Mr. MILLER. Do you know their address?

Mr. ROBERTS. 934 New York Avenue NW.

Mr. MILLER. How long have they been agents for that property?

Mr. ROBERTS. I think, a very short time; not more than two months.

Mr. MILLER. H. L. Rust, Fourteenth and H Streets NW., was agent before that?

Mr. ROBERTS. Yes, sir.

Mr. MILLER. Did they ever make any demand upon you for an increase in rent?

Mr. ROBERTS. No, sir; no written one. I think probably there was a demand, maybe a verbal one.

Mr. MILLER. When was that made?

Mr. ROBERTS. I don't know.

Mr. MILLER. Have any improvements been made in that apartment since you have lived there?

Mr. ROBERTS. No, sir.

Mr. MILLER. Have you requested any in your own particular apartment?

Mr. ROBERTS. Yes, sir.

Mr. MILLER. What reasons were given for not acceding to your request?

Mr. ROBERTS. There wasn't any reason, that I ever heard of.

Mr. MILLER. They just didn't pay any attention to it.

Mr. ROBERTS. They didn't pay any attention to it.

Mr. MILLER. Have the heating facilities been proper?

Mr. ROBERTS. Yes; the heating facilities are all right. There is a back porch there, where they had an awning over that, and this year they failed to put up the awning, and they never have put it up.

Mr. MILLER. In addition to this \$7.50 increase, did B. F. Saul & Co. ever say anything to you about a further increase six months further on?

Mr. ROBERTS. Yes, sir.

Mr. MILLER. What did they say you would have to pay at that time?

Mr. ROBERTS. Five dollars more.

Mr. MILLER. In other words, about next spring you will have to pay \$45 a month?

Mr. ROBERTS. That is right.

Senator SHEPPARD. What do you get a month? What is your salary?

Mr. ROBERTS. My salary?

Senator SHEPPARD. Yes.

Mr. ROBERTS. \$1,400 a year.

Senator SHEPPARD. Plus the bonus?

Mr. ROBERTS. No, sir.

Senator SHEPPARD. I mean including the bonus?

Mr. ROBERTS. No, sir; aside from the bonus.

Senator SHEPPARD. Have you a family?

Mr. ROBERTS. Yes, sir.

Senator SHEPPARD. How large is your family?

Mr. ROBERTS. Eight girls and one boy.

Senator SHEPPARD. I congratulate you. You don't feel you are able to meet that increase?

Mr. ROBERTS. No, sir; I don't think I can.

TESTIMONY OF MRS. W. I. McCAULEY.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please give your name and address and the name of the apartment you live in.

Mrs. McCAULEY. My name is Mrs. W. I. McCauley. My address is 1736 T Street.

Mr. MILLER. Is there any name to that apartment?

Mrs. McCAULEY. No, sir; there is no name.

Mr. MILLER. How long have you lived there?

Mrs. McCAULEY. I moved there the 1st of July. I was compelled to leave the place where I was and come over here on account of my daughter. I have a little girl over 18 in the Navy Department. She came over here a year ago this month on account of her being here. I came over here to stay with her. I was compelled to take this apartment at 1736 T Street. I went to the agent and he said he would rent it to me for \$65 a month, for a four-room apartment, if I would take some furniture for \$50 that was absolutely worthless.

Mr. MILLER. You are now telling the committee your experience at 1736 T Street?

Mrs. McCAULEY. Yes, sir.

Mr. MILLER. That is a four-room-and-bath apartment?

Mrs. McCAULEY. Yes, sir.

Mr. MILLER. Furnished or unfurnished?

Mrs. McCAULEY. Unfurnished.

Mr. MILLER. Proceed.

Mrs. McCAULEY. He told me he would rent it for \$65 a month if I would buy that furniture for \$50, three pieces. I said, "Well, I really don't need the furniture, but I am compelled to have a place for me and my children."

Mr. MILLER. In other words, you paid \$50 for that furniture and signed a lease for \$65 a month for the apartment for how long?

Mrs. McCAULEY. I didn't sign any lease. I was just to pay \$65 a month.

Mr. MILLER. You are renting from month to month?

Mrs. McCAULEY. Yes, sir. I gave him a check for \$115. He wanted to fix the shades and screen doors and the windows, and he said he would do it right away. I was in there nearly a month and didn't have any shades to the windows. He took the screen door down and

took it away and kept it two weeks, and then brought it back and put it up. The sink was leaking two weeks and it run all over the floor. I would have to get up in the night to fix it. They couldn't get anybody there. Half the time there wasn't any water. He has a janitor he gives two rooms to live in, but pays him nothing at all.

Mr. MILLER. Do you know how much it was rented for before you rented it on July 1?

Mrs. McCAULEY. Thirty-one dollars.

Mr. MILLER. Do you know that to be the fact?

Mrs. McCAULEY. Yes, sir.

Mr. MILLER. Can you give us the name of the people that occupied it ahead of you?

Mrs. McCAULEY. Smith, I think the name was.

Mr. MILLER. Have you any idea how they can be reached?

Mrs. McCAULEY. No, sir. He was a Government man. He tortured that woman so much (her husband was in France) she was glad to get out.

Mr. MILLER. You pay more than double?

Mrs. McCAULEY. Yes, sir.

Mr. MILLER. And you had to buy some furniture for \$50 before you could get it?

Mrs. McCAULEY. Before I could get it. After I moved there I phoned to him and I said, "This furniture is worthless. I can't get the drawers out." He said, "Madam, you had eyes."

Mr. MILLER. Can you give us the name and address of the owner?

Mrs. McCAULEY. Harry R. Carroll.

Mr. MILLER. Do you know his address?

Mrs. McCAULEY. It is on Twelfth Street. It is in the city directory.

Mr. MILLER. He lives at 714 Twelfth Street?

Mrs. McCAULEY. Yes, sir. So then he came up, I think, two weeks ago, and he said, "Have you got a check for me?" I said "No, not until you fix these things." He said, "Madam, you will get out in seven days." I said, "All right, let's see if I will." And so I went to the court.

Mr. MILLER. You are a Government worker?

Mrs. McCAULEY. My little daughter is a stenographer in the Naval hospital, and I have one boy, 17, not old enough to work, and one going on 15, and one 13.

Mr. MILLER. Does Mr. Carroll own that property?

Mrs. McCAULEY. Yes, sir; he owns that property.

Senator SHEPPARD. Has he threatened to increase the rent lately?

Mrs. McCAULEY. I had to pay \$65 when I went in the 1st of July, and he made me buy the furniture.

Senator SHEPPARD. But has he asked you for any more?

Mrs. McCAULEY. No, sir.

Senator SHEPPARD. What is your income?

Mrs. McCAULEY. I have this little daughter working, and I have another little income, and I have three children to keep besides her.

Senator DIAL. What is the reason your boys don't work?

Mrs. McCAULEY. The oldest boy has been away. He just got home.

Senator DIAL. He is 17?

Mrs. McCAULEY. Yes, sir.

TESTIMONY OF GEORGE W. COWGILL.

The witness was duly sworn by Chairman Ball.

Mr. MILLER. You may state your name, where you live, and the name of your apartment.

Mr. COWGILL. George W. Cowgill, 1736 T Street NW.; no name to the apartment.

Mr. MILLER. How long have you lived there?

Mr. COWGILL. Since the 3d of July.

Mr. MILLER. What rent do you pay in your lease?

Mr. COWGILL. No lease. I rented the place for \$70.

Mr. MILLER. The Senator wants you to give your rank.

Mr. COWGILL. First lieutenant, Quartermaster Corps.

Mr. MILLER. Will you state the circumstances under which you are renting the apartment?

Mr. COWGILL. I was living in Ingleside Terrace, and the party that owned the house sold it, and I had to move out. My wife was sick and I couldn't find any place else to move, and I found this place for \$70, and I took it temporarily.

Senator SHEPPARD. How many rooms are there?

Mr. COWGILL. Four rooms and bath. They didn't fix up the place as they agreed to. One of the blinds I can't raise up or down. The stove is broken. We can use only two holes of the kitchen stove. Two of the keys won't work, the back-door key and the bathroom key. All he has done since I came there was to fix the back-door screen. The place rented for \$31.50 before I went there. The party's name is W. I. Keller, 3915 Kansas Avenue. He is a Treasury Department employee.

Senator SHEPPARD. What is the name of your landlord?

Mr. COWGILL. It is Mr. Carroll. I don't know his initials. It is the Carroll Electric Co., 714 Twelfth Street.

Senator SHEPPARD. The same landlord as the lady before you?

Mr. COWGILL. Yes, sir.

Senator SHEPPARD. Does he own that house?

Mr. COWGILL. I believe so. I didn't get it from him. I rented it from another man. I suppose it was a man working for him, acting as his agent. May I state one thing in relation to the place I came from before I came here?

Senator SHEPPARD. Yes; go right on.

Mr. COWGILL. The party I rented the other house from, I had three rooms and I gave \$50 for the three rooms when I first came here. It took three months before I could get a place to live. I found these three rooms and paid \$50 for them. After we had been there a short time I was ordered to Seattle. I have just my wife and two children here, and hadn't been gone but a little while when the lady wanted to rent the place for \$75 and tried to make my wife get out, and she wouldn't do it because she had no place to go. And she threatened to put her out. She went in the bathroom and stayed there three quarters of an hour to keep her out of the bathroom, to keep her from turning out the gas, so we couldn't heat the house. My wife went down and saw Lieut. Conrad, of the Housing Corporation, and told him the facts, and this lady went and told him the very same thing Mrs. Cowgill did.

Senator SHEPPARD. What State were you from before you came here?

Mr. COWGILL. Missouri.

TESTIMONY OF DAVID McCLELLAND.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name, the place where you live, and the name of the apartment, if any.

Mr. McCLELLAND. David McClelland; 1340 Fairmont Street.NW.; apartment known as "Fairmont."

Mr. MILLER. How long have you lived there?

Mr. McCLELLAND. Six years.

Mr. MILLER. When you first went there to live what rent did you pay?

Mr. McCLELLAND. \$27.50.

Mr. MILLER. How many rooms?

Mr. McCLELLAND. There is supposed to be three and a bath, but the third room is 6 by 8½, and could hardly be called a room; it is really two rooms and a bath.

Mr. MILLER. Was the apartment filled at that time?

Mr. McCLELLAND. No, sir; I was the original tenant.

Mr. MILLER. Were the other apartments in the house filled?

Mr. McCLELLAND. No, sir. It was a new apartment. I am the oldest tenant in the apartment.

Mr. MILLER. Has the apartment been continuously filled since you have been there?

Mr. McCLELLAND. It has within the last two years. Previous to that it had been empty more or less.

Mr. MILLER. How many apartments are there?

Mr. McCLELLAND. Sixteen.

Mr. MILLER. Until two years ago it was practically empty, with the exception of yourself and one or two others?

Mr. McCLELLAND. I wouldn't say "practically," but empty more or less.

Mr. MILLER. Do you know whether they made money at that time?

Mr. McCLELLAND. I don't know it to be a fact, but I don't imagine they did.

Mr. MILLER. How long did you continue to pay \$27.50? When did they demand a raise?

Mr. McCLELLAND. I paid \$27.50 until two years ago.

Mr. MILLER. Can you give us the date two years ago?

Mr. McCLELLAND. The lease specified in October.

Mr. MILLER. Beginning with October 1, 1917, the rent was raised to what?

Mr. McCLELLAND. \$30 a month.

Mr. MILLER. When did the next raise come?

Mr. McCLELLAND. She hasn't raised it.

Mr. MILLER. I understand that you were informed it would be raised to \$75 a month.

Mr. McCLELLAND. I have been informed in an informal way.

Mr. MILLER. In writing?

bury law is inoperative, she will make that demand and she will make it strong. My increase will be equal to 172 per cent plus on the original rent, and equal to 150 per cent on the present rent.

Senator SHEPPARD. How many rooms have you?

Mr. McCLELLAND. Two rooms and bath.

Senator SHEPPARD. What floor?

Mr. McCLELLAND. Fourth floor; no elevator.

Senator DIAL. Do you know whether taxes have increased materially in the meantime?

Mr. McCLELLAND. No, sir; I don't. I don't think the taxes have been increased. I know that her expenses have not increased. I am giving you my own case. I can give you some cases, although I am not representing them in any way, still I know the people in the apartment; I know what the original rents were and I know what she is demanding now, and what she has already received in some cases. I know a party that held an apartment there that he paid \$28.50 for. She is getting \$65 for it now.

Senator SHEPPARD. What was the size of that?

Mr. McCLELLAND. All of them are three and four and bath. As a matter of fact, they are two or three and bath.

Senator SHEPPARD. Go ahead.

Mr. McCLELLAND. Another party named Clark. They were paying \$35, and she made a demand for \$75. She has told me that herself.

Senator DIAL. For the same accomodation?

Mr. McCLELLAND. For the same accomodation. There is a party named Shepard. He is paying \$35.50. She has made a demand for \$75 on him. Mr. Shepard, by the way, could give you rather valuable information, and he would be pleased to appear before the committee if you would subpoena him. It is E. W. Shepard. 1340 Fairmount. He is a lawyer, and he could give you some valuable information, I think.

Senator SHEPPARD. How do you spell it?

Mr. McCLELLAND. S-h-e-p-a-r-d. My own case is \$30 and \$75. There is Mrs. Arnold. The original rent to her was \$32.50. She is paying \$65 now. About two weeks ago she was going away on a vacation, and she asked the owner if she would kindly permit her to sublet an apartment for the cost of the rent, the \$65. She was in the Government service and hardly able to pay out \$65 without any return. She asked the privilege of subletting it for six weeks for that amount. The owner refused her, but she said, "If you will agree to sign a lease for the coming year at \$87.50, I will permit you to do it." You can draw your own conclusion, gentlemen.

Senator DIAL. Do those parties you speak of all rent from the owner of the property?

Mr. McCLELLAND. Direct. There is no subletting. That is direct.

Senator SHEPPARD. Does the owner live in the house?

Mr. McCLELLAND. She does.

Senator SHEPPARD. What is her name?

Mr. McCLELLAND. I have already given it. Mrs. Franklin Geoghegan. There is another party named Coleman. They were originally paying \$32.50, and demand has been made on them for \$75. There is another apartment in the cellar, supposed to be for the janitor, and

always was in the past. It was occupied in the original condition by rather an efficient colored man and his wife, and they gave very good service. When the present owner took over the apartment she reduced expenses; reduced the overhead. She discharged the colored man and his wife, on the pretense of stealing coal and selling it to outside parties. She never proved the case, and I never believed it existed. However, she discharged him, and in his place she got another man, an elderly man, about 70 years old. Although he was old he was a good worker and a faithful man. He occupied it for a short time. It was just two rooms and a bath. He occupied it a short time, and she was still reducing expenses, and she had the janitor construct a little dog house in the corner of the cellar, of yellow pine from the floor to the ceiling, just large enough to hold a cot, about 6 by 8, and the apartment the janitor ought to occupy is occupied by another family that pays \$35 a month for it—more than I do—a man and wife and two little children.

Senator SHEPPARD. Have they been notified of an increase?

Mr. McCLELLAND. They are recent tenants. I don't know them intimately, and I don't know what her intentions are in regard to them. There is another party named Farmon that pays \$37.50, and a demand has been made on them for \$75. I wish to say that when I say demands have been made, I merely mean to say the information has been given me in a roundabout way that the rent will be that much.

TESTIMONY OF W. J. PURMAN.

(The witness was duly sworn by Senator Sheppard, presiding in absence of Chairman Ball, and Senator Capper.

Mr. MILLER. You may give your full name and place of residence.

Mr. PURMAN. W. J. Purman, 2635 Garfield Street.

Mr. MILLER. I understand you have a matter you wish to submit to the committee?

Mr. PURMAN. Yes, sir.

Mr. MILLER. State your case as briefly as possible to the committee.

Mr. PURMAN. My grievance is of a different sort from what I have heard here. I have been living in this city for a number of years. I have been living in the house where I am living now for about 10 years. Under the Saulsbury law, or, rather, the year before the Saulsbury law, they increased my rent \$10 a month.

Senator SHEPPARD. What was it?

Mr. PURMAN. It was \$42 then. I had a lease. On the first of October a year ago it expired.

Senator SHEPPARD. What was the size of the house?

Mr. PURMAN. About a 12-room house. Then under the operation of the Saulsbury law, which has two leading features, if you will pardon me. One is that a stranger or a man within our gates can purchase a house a bona fide purchaser, for his own use or benefit, and he can eject the tenant; or the other leading feature is that if the owner of the house wants to get possession of his house, in the meantime not living in it, he can not get the occupancy of his house returned to him unless he is in the Government service. Now, I suffer under that feature, and I hope you will not ask me my opinion on that feature.

Mr. McCLELLAND. Not personally. I haven't been informed personally, but in an informal way, through the information of other tenants; they have informed me that the rent will be that.

Mr. MILLER. You anticipate a demand being made on you to have the rent raised to \$75 a month?

Mr. McCLELLAND. I do.

Mr. MILLER. That is about a 175 per cent increase?

Mr. McCLELLAND. From the original rent it is 172 per cent plus.

Mr. MILLER. Have any improvements been made in that apartment since you went there?

Mr. McCLELLAND. Very few.

Mr. MILLER. Have you requested any?

Mr. McCLELLAND. I have.

Mr. MILLER. Of what nature, briefly?

Mr. McCLELLAND. Papering, fixing the floor, painting the radiator, which I paid for myself when they refused to do it. As a matter of fact, she never renovated the entire apartment completely at any time. She only did it piecemeal.

Mr. MILLER. Have you ever gotten any benefit or claimed any benefit under the Saulsbury resolution?

Mr. McCLELLAND. Last year; I simply paid the old rent.

Mr. MILLER. When they made a demand for an increase?

Mr. McCLELLAND. Yes, sir.

Mr. MILLER. How were those demands made?

Mr. McCLELLAND. I forget. I overlooked that. She did make a demand last year for another raise, exclusive of this \$75.

Mr. MILLER. From \$30 to how much?

Mr. McCLELLAND. She was rather vague about it. She left it to my own good judgment.

Mr. MILLER. It wasn't done in writing?

Mr. McCLELLAND. No, sir; she made a personal call on me.

Mr. MILLER. You don't remember what she asked you?

Mr. McCLELLAND. She asked me to make it \$10 more.

Mr. MILLER. Tell us the name of the owner, or agent, and his address.

Mr. McCLELLAND. It is a private person, Mrs. Franklin Geoghegan. She lives at 1340 Fairmount.

Senator SHEPPARD. What is your business?

Mr. McCLELLAND. Architectural draftsman.

Senator SHEPPARD. Are you a man of family?

Mr. McCLELLAND. I am married, and have one little boy.

Senator SHEPPARD. Do you feel that you are able to meet a raise like that?

Mr. McCLELLAND. No, sir.

Senator SHEPPARD. Do you object to stating what your income is?

Mr. McCLELLAND. My salary is \$2,140 a year. I crave your indulgence for a moment. I might be able to give you a little information along special lines.

Senator SHEPPARD. Go ahead.

Mr. McCLELLAND. For instance, I am an architectural draftsman. As such, it is my business to know what building is and to understand building construction. I have been a draftsman and also a superintendent of construction at Fort Oglethorpe, one of the

biggest Army posts in the country. As an architectural draftsman that means I am equivalent to an architect. Of course, all architects are not draftsmen, but all draftsmen are supposed to be architects in a way. It is my business to know the cost of building and to know plans, to be able to work them out, and so on. There was a little remark made in the press to the effect that a certain gentleman had been paying \$25 a month and was raised to \$75, and some gentleman made a rather humorous comment to the effect that the landlord was either a philanthropist in the beginning or possibly might be a profiteer now. He didn't commit himself as to that point. This all comes down to the point of the cost of building, and the rent, and so on. I would like to say that \$25 for the ordinary apartment is a fair return on what is commonly called an apartment. I don't know whether you gentlemen know it or not, but the ordinary apartment, according to the building code, is just an ordinary tenement house. Any building with more than three families in it is, according to the building code, a tenement house. Probably some of your prominent officials will not be pleased to know that, but it is a fact, nevertheless.

Now, then, for the ordinary tenement in New York—and I think we can take New York as a standard, because New York has miles and miles of tenement houses and apartments. A man up there could figure \$2.50, \$3, and possibly \$4 for an apartment would be a good return on his money. If that same apartment or tenement was placed in a special neighborhood, nice neighborhood, nice people, there would be some increased valuation placed upon it accordingly. Now, then, according to my experience, the difference between a New York apartment and a Washington apartment is a difference between day and night. There are no decent apartments in Washington, exclusive, I will say, of a dozen apartments around the prominent circles—Sheridan Circle, Thomas Circle, Du Pont Circle, and along Connecticut Avenue. Exclusive of those, every apartment in Washington is practically a second-rate apartment. If you take the valuation on the basis of \$5 and increase it about 100 per cent you make it \$10. That is what I am paying, and I think it is very high rent.

Senator DIAL. You mean \$10 a room?

Mr. McCLELLAND. Yes, sir.

Senator SHEPPARD. In New York the figures are from \$2 to \$3 and \$4?

Mr. McCLELLAND. Yes, sir; for an ordinary apartment.

Senator SHEPPARD. But these apartments are not as good as those?

Mr. McCLELLAND. These apartments are not as good as those.

Senator SHEPPARD. And they get from \$5 to \$10 more?

Mr. McCLELLAND. Yes, sir. My sisters in New York have an elegant apartment in a magnificent building, with a court and every modern convenience. They don't have to turn a valve when they turn on the heat. All they have to do is to press a button. That is only one item to show what they have. They pay \$26 for it.

Senator SHEPPARD. For how many rooms?

Mr. McCLELLAND. Three rooms and bath. My landlord is demanding \$75. She has not made the demand yet, but she has made no secret of the fact that the moment peace is declared and the Sauls-

The house that I live in was sold in good faith to a party. I was living in it with a large family. I need a large house, and it was utterly impossible to find a house in this city or this District at any place. My only resort was to the courts to fight that bona fide purchaser. But having been fortunate enough to own a house in the city, and a fine house, I immediately made an effort to get into my own house. I failed in that, because we had owned that house for some 40 years, and I did not have the garments of the officeholder upon my shoulder, and I was nonsuited. The people in that house are making money hand over fist by renting out rooms at exorbitant prices.

Mr. MILLER. Can you give the name of the party who is in the house now?

Mr. PURMAN. I can and I can't. It just doesn't occur to me right now.

Senator DIAL. Do they rent from you?

Mr. PURMAN. It is my house they rent.

Senator DIAL. Do they rent it from you?

Mr. PURMAN. Yes, sir. Let me continue my story. I had to resort to the courts to maintain possession of this house in which I am now living against the actual purchaser. The proceedings in court have cost me already about \$300, and I am now in the court of last appeal. That court will reconvene some time in October, and the having exhausted all my remedies in court, I will have to walk the plank, undoubtedly, because the man purchased the house in good faith. I have been compelled, under the Saulsbury law, to keep the bona-fide purchaser out of the use of his house, and have resort to all manner of legal technicalities to maintain possession of it and keep myself under cover.

Now, my grievance is this: I have nothing to say about the privilege of the man who gets my house, when he gets it honest for his own purposes. That is all right. But I know of many cases where those purchasers have not received the benefits of that law. They have been kept out of the possession of their property, just as I am in this case keeping this man out. I know numerous instances of it. This Saulsbury law reminds me of a cross-eyed man. He never hits where he looks. He looks at the tenant, to give the tenant protection, and he hits the owner in almost every instance. I really believe, of the men who have bought property in this town in sincerity and for purposes of their own immediate convenience and necessity, 90 per cent of them never got into possession of the property. I have not been able to do it, because I was incapacitated because this law discriminated against me.

Now, I will go a little further. Lately, I believe, the law was extended 90 days beyond the declaration of peace by the President. That seems to be a very beclouded event. We have very little hope of seeing that proclamation made inside of five or six or seven or eight months, God bless us and help us. So we have no immediate prospect of getting into our own home, and with my large family have been looking into the gloomy present and gloomy future, and I was compelled under the most dire necessities to raise money from friends and have lately purchased a house, a rookery, without all the modern conveniences in it, just a place where I can keep myself from the street when the court finally decides against me.

The house I am living in, of course, I don't know that I have really at heart a desire to make any complaint against the man who owns it, because I have been the instrumentality in keeping him out of possession of it for a long time. But we are suffering under all sorts of inconveniences. We are paying our rent regularly, but he won't do a thing. I suppose he is like all landlords. None of them will do anything now. I have a very sick son, and he has been sick for weeks. He needs hot baths two or three times a day to allay his awful pains. The hot-water boiler in the kitchen burst three or four weeks ago. It will cost some \$40 or \$50 to repair it. They won't do it, and we are compelled to heat that water on the gas stove and carry it up three or four times a day into the bathroom for that sick boy. That is just one of the hardships we are suffering under.

Now, to end my story of woe, and I am sorry to make it.

Senator SHEPPARD. We are very glad to hear what you have to say.

Mr. PURMAN. I will simply say that, in all wisdom and sincerity, let the owners of property, whether they have owned their property for many years, like we have this house, or whether they have bought it lately with the best of intentions and purposes, like my landlord, let them by some summary process get possession of their property. Take this injustice out of the Saulsbury law, and do justice to the man who is so fortunate, or unfortunate, as to own a piece of property at present in Washington City. Now, for Heaven's sake, do justice to those people. And as to the profiteering on tenants I have nothing to say. I have a trouble of my own which you understand the nature of.

Senator SHEPPARD. What is your business?

Mr. PURMAN. Fortunately, I am at present in the service of the Government.

Senator SHEPPARD. What department?

Mr. PURMAN. Labor Department. Had I been in it before I suppose I would have been out of this trouble long ago. My condition is really one that ought not to happen under a popular, and just, and open-minded Government of any kind.

Senator CAPPER. How many others are in the same condition you are?

Mr. PURMAN. I know at least half a dozen; and every time I talk to people, as we do exchange our troubles and our worries, I hear, directly and indirectly, of more. But I really give it as my sincere opinion, having for some time kept my eye on the court, that 80 or 90 per cent of the people that made bona fide purchases are not in possession of their homes, and a glaring example is my landlord.

Senator DIAL. I do not know whether I understood your statement in the beginning or not. Why were you out of possession of your house at the beginning?

Mr. PURMAN. Because of that one feature of the Saulsbury law which says the stranger can buy a house, or anybody in good faith, for his own purposes, to live in, and can turn out the tenant.

Senator SHEPPARD. He means, why do you not stay in your own house? Why do you rent your own house?

Mr. PURMAN. Well, when it comes to that, my daughter led us out of our house 10 years ago, into another part of the city.

Senator SHEPPARD. Then you rented that house?
Mr. PURMAN. Yes, sir.

TESTIMONY OF MRS. KATHERINE C. RAHN.

(The witness was duly sworn by Senator Capper, presiding in the absence of Chairman Ball.)

Mr. MILLER. You may state your full name and the address of the apartment you live in.

Mrs. RAHN. Apartment 4, 10 Florida Avenue NW.

Mr. MILLER. What is the name of the apartment?

Mrs. RAHN. The Coblentz.

Mr. MILLER. How long have you lived there?

Mrs. RAHN. Since the latter part of September, 1916. I have notice here, if you will allow me.

Mr. MILLER. How many rooms are there and what did you pay at the time you went in there?

Mrs. RAHN. Five rooms and bath; \$30 a month.

Mr. MILLER. Were the apartments filled with other tenants?

Mrs. RAHN. Yes, sir; it was all filled.

Mr. MILLER. There never has been a time when it was empty?

Mrs. RAHN. Not since I have been there.

Mr. MILLER. When were demands made upon you for increase rent?

Mrs. RAHN. August 1, 1917, I was notified that I would have to pay an increased rent of \$35 a month for six months, and \$32.50 for the other six months, September 6 to March 6. My lease wasn't up till October 1, but of course, everybody knows what the Coblentz is, and it was necessary for me to employ an attorney. I took the attorney down there, and after a good deal of fighting and fussing, he wouldn't tell me how many people I could have in the apartment. He said I couldn't have but four or I would have to pay that rent. After a long story, he allowed my lawyer to write a new lease, and he said he would let me have the apartment for \$33.50 the year round, which I thought was fair enough, because everything was going up, and I thought he needed a little increase then.

Mr. MILLER. Did I understand you to say you have sublet some rooms?

Mrs. RAHN. I have one boarder, a war worker. I charge \$8 week for board and room.

Mr. MILLER. Did you receive further demands for increase rents?

Mrs. RAHN. In June, 1918, the landlord advised me my lease expired September 1, and he would either have to have the apartment for \$45. But the Saulsbury law was passed before that time and that protected me.

Mr. MILLER. You took advantage of its protection?

Mrs. RAHN. I certainly did. I couldn't pay it. I was employed by the Government and my salary didn't permit it. I take care of my mother and my daughter. I took the rent question up with Capt. Walden, of the Engineers, where I was employed.

Senator SHEPPARD. What was your salary?

Mrs. RAHN. It is \$1,500 now.

ator SHEPPARD. What was it then?

s. RAHN. One thousand dollars. Capt. Peyser has been fighting for me ever since. If it wasn't for him I wouldn't be living the way I am to-day. In July, 1918, the landlord told me, "I can't give you the rent, because the Government won't let me. I can't afford to give you coal. If you want coal, you had better get busy and buy it."

MILLER. Did you get sufficient heat last winter?

s. RAHN. No, sir; I didn't. I took it up with Capt. Peyser.

Dr. Coblentz.

MILLER. You speak of "Dr. Coblentz." Is he the landlord?

s. RAHN. Yes, sir.

MILLER. What are his initials?

s. RAHN. J. D. Coblentz.

MILLER. And where does he live?

s. RAHN. He lives in the same apartment.

MILLER. You may proceed.

s. RAHN. Capt. Peyser told me, "Don't you notice him. You can't see him and pay your rent and don't say anything about it. If there is any trouble I will take care of it and you won't be hurt." Every day he kept on so about it that my nerves became so bad that every three or four days before the rent I would be sick. Capt. Peyser said, "I couldn't have any dealings with him." My attorney was sent to Mexico on Government work, and after that I got a policeman, and he has attended to my affairs since. I never have even talked to him again.

MILLER. Have you received further demands for an increase?

s. RAHN. In June, 1919, he told the officer, "I want you to tell Mrs. Rahn I want her apartment just as soon as the Saulsbury law goes out." The officer said, "Have you any objection to Mrs. Rahn?" He said, "No; I have no objection to Mrs. Rahn. I simply want to have the apartment fixed up." He said, "Mrs. Rahn will move in as soon as she can be suited"—because I would not live there if I could get a place. The Saulsbury law is not out yet.

MILLER. Did he indicate a rent higher than \$45 a month?

s. RAHN. He didn't to me, but he told other tenants he was to get \$75.

MILLER. Apartments similar to yours?

s. RAHN. Yes, sir.

MILLER. \$75 a month?

s. RAHN. Yes, sir. He hasn't had any repairs done since I have lived there. I had to get the water department there to make repairs.

ator SHEPPARD. How many rooms in your apartment?

s. RAHN. Five rooms and bath.

MILLER. You are telling us about other apartments of the same size in the same place?

s. RAHN. Yes, sir.

MILLER. Give the name of the tenants?

s. RAHN. I think it is Shank. I think he is an enlisted man. He hasn't been there very long. In August, 1917, that apartment was rented for \$25. He fought the people and made it so unpleasant to live there, and he rented it for \$30.

ator SHEPPARD. Was that the same size as yours?

Mrs. RAHN. Yes, sir. He rented it for \$30, and the man had heart disease. It is on the third floor, and he didn't get any heat, and they owned their home, and before the Saulsbury law went into effect they moved into their home. As soon as he moved out he rented it for \$45 to a Government clerk. She took two war workers and he told her she would have to pay more rent, or she couldn't keep anybody there but herself and her husband. Then he took it to court because she wouldn't pay the rent, and Capt. Peyser handled the case and she won it. She was dissatisfied after so much trouble, so she sold the furniture to the people in there now, and Dr. Coblentz wouldn't let them have the apartment unless they would sign a lease for \$60. To-day they are paying \$60, and in August, 1916, the people in there then were paying \$35. Apartment 8 he rented for \$25, four rooms. He fought the tenants until he got them out, and now the people in there are paying \$50 or \$60, I am not positive which it is. I haven't had a bit of hot water since last summer. The people who pay \$60 have some hot water. He lets them heat the water upstairs if they pay the gas bill. We haven't had a janitor since May, 1917. He dismissed the janitor, and his wife cleaned downstairs once a week. Now his son does it. That is all we get. The board of health is after him every few months on account of dirty back yards. In February he stopped the heat. My mother was over 70 and it was quite cold and she couldn't stand it without any heat. I had to get a gas stove to heat her room and keep her warm. Now our rent will be raised over 100 per cent when the Saulsbury law goes out. I don't expect to be there, because I will have to get out when he finds I have testified here.

TESTIMONY OF ARTHUR E. MIDDLETON.

(The witness was duly sworn by Senator Capper, presiding in the absence of Chairman Ball.)

Mr. MILLER. You may state your name, where you live, and the name of the apartment in which you live.

Mr. MIDDLETON. Arthur E. Middleton, Creston Apartment, No. 1475 Columbia Road.

Mr. MILLER. How long have you lived there?

Mr. MIDDLETON. Three years in November.

Mr. MILLER. You came there in November, 1916?

Mr. MIDDLETON. Yes, sir.

Mr. MILLER. What rent did you pay then, and what was the size of the apartment?

Mr. MIDDLETON. The rent was \$37.50, and I have four rooms and a bath.

Mr. MILLER. What demands for increase in rent have you received?

Mr. MIDDLETON. None, until a year ago, in June, 1919, just before the Saulsbury law went into effect, I was informed I would have to pay an increase of 10 per cent. I availed myself of the protection afforded by the Saulsbury law, and refused to pay it; but I went to the agent and asked him on what ground he based his demand for a 10 per cent increase. He said on account of the increased cost of coal and janitor service.

Mr. MILLER. What is the name and address of the agent and owner?

MIDDLETON. The agent is H. L. Rust & Co., Fourteenth and H. The owner is Fred G. Schmidt. He lives in one of the apart-

MILLER. When you took advantage of the Saulsbury law, you pay the increase?

MIDDLETON. No, sir.

MILLER. Have you received other demands for increase?

MIDDLETON. Yes, sir; in June of this year, the demand was the increased rent, but for the rent that I had refused to pay the enforcement of the Saulsbury act.

MILLER. Have you the letter?

MIDDLETON. Yes, sir.

MILLER. Will you read it into the record?

MIDDLETON. Yes, sir. [Reading.]

Washington, D. C., June 20, 1919.

MIDDLETON,

Apartment 3, The Creston,

Washington, D. C.

SIR: In the making of new leases for the apartment you occupy, I am glad to collect the increased rent requested the 1st of October, 1918. We are so like to know at this time if it is your desire to continue in the apart-

Very truly, yours,

H. L. RUST,

By J. F. M. BOWIE.

MILLER. Will you leave that here?

MIDDLETON. Yes, sir.

MILLER. What is the other letter you have?

MIDDLETON. That is the second demand.

MILLER. That is dated August 19, 1919. Will you please read it into the record?

MIDDLETON. Yes, sir. [Reading.]

WASHINGTON, D. C., August 19, 1919.

MIDDLETON,

Apartment 3, The Creston, Washington, D. C.

SIR: I am authorized to offer you a lease on the apartment you occupy year from October 1, 1919, for a rental of \$45 per month. If you will let me know by September 1 whether you desire this lease or not it will be much appreciated.

Very respectfully,

H. L. RUST,

By J. F. M. BOWIE.

MILLER. Will you leave that with us?

MIDDLETON. Yes, sir.

FOR CAPPER. What rent are you paying now?

MIDDLETON. \$38. When I went there it was \$37.50. The owner found that he could not afford to purchase anthracite coal to burn here so as to heat and generate hot water, so he taxed us all 50 cents a month, making the rent \$38 for my apartment.

FOR SHEPPARD. How many rooms have you?

MIDDLETON. Four rooms and bath.

FOR SHEPPARD. What is your business?

MIDDLETON. I am an architectural engineer, and have charge of construction work in the Indian Bureau, where I have been for several years, in the Interior Department.

Senator SHEPPARD. The Bureau of Indian Affairs?

Mr. MIDDLETON. Yes, sir.

Senator SHEPPARD. Under Mr. Sells?

Mr. MIDDLETON. Yes, sir.

Senator SHEPPARD. What is your salary?

Mr. MIDDLETON. \$2,000.

Senator SHEPPARD. Are you a man of family?

Mr. MIDDLETON. Yes, sir.

Senator SHEPPARD. How much of a family have you?

Mr. MIDDLETON. A wife and daughter.

TESTIMONY OF W. C. DEANE.

(The witness was duly sworn by Senator Capper, presiding in absence of Chairman Ball.)

Mr. MILLER. You may state your name and address and the name of the apartment in which you live.

Mr. DEANE. W. C. Deane, Wilson Apartment, 2900 Fourteen Street.

Mr. MILLER. How long have you lived there?

Mr. DEANE. We just rented the apartment the 1st of August. I had been living in two rooms for two years and we were delighted to get a place to put over our heads the 1st of August. I had been living on Park Road, and I had to do a good deal of traveling, and we gave that up and stored our furniture.

Mr. MILLER. You had been subletting two rooms in that house?

Mr. DEANE. Yes, sir. When these folks moved we were delighted to get their apartment.

Mr. MILLER. Do you know what those people were paying for two years ago?

Mr. DEANE. \$35.

Mr. MILLER. What are you paying now?

Mr. DEANE. \$46. He taxed me \$11 when we took it.

Mr. MILLER. What did you pay for the two rooms you rented?

Mr. DEANE. \$22.

Mr. MILLER. The whole apartment has how many rooms?

Mr. DEANE. I believe it is called five rooms: four rooms and a small kitchen.

Mr. MILLER. Has the apartment always been filled with tenants to your knowledge?

Mr. DEANE. To the best of my knowledge. Since we have been there, at least, it has been. The trouble is, they won't make any more pairs. The roof leaks, and the paper is hanging in festoons in the hallway, and we have to pay for these things.

Mr. MILLER. What is the name of the agent or owner?

Mr. DEANE. C. A. Snow is the owner.

Mr. MILLER. What is his address?

Mr. DEANE. He is a patent attorney on Eighth Street between G and H.

Mr. MILLER. Do you deal directly with him?

Mr. DEANE. My check for rent went to him.

Mr. MILLER. I understand that beginning with the 1st of August you rented that apartment of practically five rooms and bath

\$46, and previously the man who had been renting it had been paying how much?

Mr. DEANE. \$35.

Mr. MILLER. It was an \$11 advance on you?

Mr. DEANE. Yes, sir.

Mr. MILLER. Are you satisfied with that?

Mr. DEANE. We were delighted to get it. We had been traveling a good deal on Government work, and when I got back there I was delighted to get a roof over our heads.

Mr. MILLER. That roof leaks and the paper needs repairs?

Mr. DEANE. Yes, sir; and I had to pay for painting and repairs on our own apartment.

Mr. MILLER. Have you made any written requests for repairs?

Mr. DEANE. No, sir; I have made verbal requests.

Mr. MILLER. And no attention was paid to them?

Mr. DEANE. No, sir.

Senator CAPPER. This Mr. Snow has numerous other apartments, has he not?

Mr. DEANE. I understand he has considerable property in the city, and he is reputed to be quite wealthy.

Senator CAPPER. As far as you know, he has made it a practice to advance all his rents?

Mr. DEANE. Yes, sir; I understand that is the case. I have no direct evidence only in my own case. I know he raised us \$11.

Senator CAPPER. Do you hear much complaint among the tenants?

Mr. DEANE. They are afraid to ask for anything; afraid to say the roof is falling in the cellar or anything else, for fear he will raise the rent or ask them to get out. That is the way they feel about it. The people are afraid to say anything. They don't know where they would go if they had to get out.

Senator CAPPER. Have you looked around some?

Mr. DEANE. We have been all over the city; I can't find anything worth while. We kept our furniture in storage two years in the hope of finding something. We were glad to get a place to save the storage and get our furniture around us.

Senator SHEPPARD. What department of the Government are you employed in?

Mr. DEANE. The Bureau of Engraving?

Senator SHEPPARD. Have you a family?

Mr. DEANE. Yes, sir.

Senator SHEPPARD. What size is your family?

Mr. DEANE. A wife and daughter.

Senator SHEPPARD. Do you hear the rent question discussed down there at the Bureau?

Mr. DEANE. No, sir; I can't say that I hear much in regard to it down there. My duties are such that I do not get in conversation with people very much. I have been traveling a good deal since the war started, out on the road for the Post Office and War Savings Committees and different people.

Senator SHEPPARD. Has anything been said about a further increase in rent?

Mr. DEANE. The people up there generally believe there will be a raise the first opportunity.

TESTIMONY OF L. P. LILES.

(The witness was duly sworn by Senator Capper, presiding in absence of Chairman Ball.)

Mr. MILLER. You may state your name in full, your address, and the name of the apartment in which you live.

Mr. LILES. L. P. Liles, Columbia and Quarry Roads, 33 Octavia Apartments.

Mr. MILLER. How long have you lived there?

Mr. LILES. Three years.

Mr. MILLER. You went there in 1916?

Mr. LILES. October 1.

Mr. MILLER. What rent did you pay then?

Mr. LILES. The apartment I occupied then is not the one I occupy now.

Mr. MILLER. What was the size of the first apartment?

Mr. LILES. Five rooms.

Mr. MILLER. And bath.

Mr. LILES. Yes, sir.

Mr. MILLER. How much did you pay for it?

Mr. LILES. The apartment was furnished but I rented it from the tenant, not the owner of the building. I paid \$55 for the apartment furnished, but the amount he asked me for the apartment was \$47.50 unfurnished. The reason I got it so cheaply at that time was because the former tenant left the furniture in my care.

Mr. MILLER. How long did you live in that particular apartment?

Mr. LILES. One year.

Mr. MILLER. Was any demand made on you for an increase in rent?

Mr. LILES. No, sir.

Mr. MILLER. Where did you go then?

Mr. LILES. To another apartment in the same building?

Mr. MILLER. What was the size of it?

Mr. LILES. They called it seven rooms and bath, but it was really only six.

Mr. MILLER. Was it furnished or unfurnished?

Mr. LILES. Unfurnished.

Mr. MILLER. How much did you pay for it?

Mr. LILES. \$60.

Mr. MILLER. From October 1, 1917?

Mr. LILES. Yes, sir.

Mr. MILLER. Did you receive a demand for further increase of rent?

Mr. LILES. I did last summer,

Mr. MILLER. Give the date?

Mr. LILES. About the 1st of August last year I received demand for an increase to \$70.

Mr. MILLER. What did you do?

Mr. LILES. I paid the increase.

Mr. MILLER. Without protest?

Mr. LILES. I protested, but I paid it.

Mr. MILLER. You signed the lease?

Mr. LILES. Yes, sir.

Mr. MILLER. What has been your experience since then?

Mr. LILES. We have had no service.

Mr. MILLER. Have there been any other demands for an increase in rent?

Mr. LILES. Yes, sir.

Mr. MILLER. State what it was.

Mr. LILES. August 1, 1919, I had a verbal request from the manager of the building for an increase to \$90 per month.

Mr. MILLER. Give the name of the manager and the people who own it.

Mr. LILES. Charles Flint is the manager, and the owner is Mrs. Fannie J. Barrett.

Mr. MILLER. What is her address?

Mr. LILES. Octavia Apartment. Incidentally, she is the owner of some other large apartment in the city and a good deal of other property.

Mr. MILLER. And they are asking \$90 a month for the apartment hat two years ago they asked \$60 for?

Mr. LILES. Yes, sir.

Mr. MILLER. What have you done about it?

Mr. LILES. I have done nothing.

Mr. MILLER. Have they offered any inducements to you or made any statement about what they will do?

Mr. LILES. Not a thing. She requested me to give her notice about the 1st of September whether I would sign the lease or not.

Mr. MILLER. I presume you have not given her that notice?

Mr. LILES. No, sir.

Mr. MILLER. Have you asked for any repairs?

Mr. LILES. Yes, sir.

Mr. MILLER. Have they been made?

Mr. LILES. They have not.

Mr. MILLER. Was the heating service sufficient last winter?

Mr. LILES. It was not.

Mr. MILLER. You suffered from lack of heat?

Mr. LILES. Two of my children had the influenza and suffered considerably on account of lack of heat. We threatened to report them to the Fuel Administration if they didn't do better.

Mr. MILLER. Do I understand that unless you do sign this new lease for \$90 a month you are going to get into trouble with them?

Mr. LILES. Yes, sir.

Senator SHEPPARD. What is your business?

Mr. LILES. I have been a traveling salesman for a number of years. During the past year, however, I will state that I accepted a contract with the Government to produce a crop of castor beans through the South, and I was separated from my family last year and part of this year.

Mr. MILLER. How large is your family?

Mr. LILES. A wife and three daughters.

Senator SHEPPARD. What are you doing now?

Mr. LILES. I am traveling some. I am figuring on a change in my work, however.

TESTIMONY OF WILLIAM F. PAHREN.

(The witness was duly sworn by Senator Capper, presiding in presence of Chairman Ball.)

Mr. MILLER. You may state your name, address, and the name of the apartment where you live.

Mr. PAHREN. My name is William F. Pahren; I live at 1236 Eleventh Street NW.

Mr. MILLER. Your letter to Senator Pomerene was handed to the committee, and they asked that you be called here. Will you state as quickly as possible your case?

Mr. PAHREN. I am obliged to furnish tenants with living quarters at less than cost. In the meantime I am kept from living in my house. I want to recover the house for my own use. When I rented it I was an unmarried man. I am married now and wish to recover it for my own use.

Senator SHEPPARD. Are you in the Government service?

Mr. PAHREN. Yes, sir.

Senator SHEPPARD. Are you not entitled to recover it under the law?

Mr. PAHREN. It is perfectly useless to try to do that, because you would have to show necessity. It is not a question of being in a position to testify that you are a Government clerk. It is a case of proving and demonstrating the necessity for getting possession of it. The gentleman who has preceded me some time ago described the difficulty of getting possession of the property, even in court. So, with that experience of others, I have never undertaken to do it.

Senator SHEPPARD. Where are you living now?

Mr. PAHREN. In the Plymouth Apartments on Eleventh Street.

Senator SHEPPARD. Have you any complaint about the rent you pay?

Mr. PAHREN. Not at all. I don't sympathize with the attitude of a great many tenants who refuse needed increases. We have submitted to an increase, and did so very cheerfully. In my own experience, they are entitled to it.

Senator SHEPPARD. Have you had notice of further increase for next year?

Mr. PAHREN. We anticipate a further increase, and that is why we are anxious to get to our own house.

Senator SHEPPARD. What you want to bring to the attention of the committee is the need of an amendment to the law covering a case like yours?

Mr. PAHREN. Yes, sir. In my case, my equity in my house has been confiscated. I am actually paying out my salary furnishing other people with living quarters. I prepared a statement for Senator Ball. It cost \$1,278.73 to keep the place going, and the rent I get is \$1,128. So that I am actually paying out about \$150 a year.

Senator SHEPPARD. What rent are you paying now?

Mr. PAHREN. We are paying \$38. Of course, I could live cheaper in my own house.

Senator SHEPPARD. You say you are in the Government service?

Mr. PAHREN. Yes, sir.

Senator SHEPPARD. What department?

Mr. PAHREN. The Treasury Department.

Senator SHEPPARD. Suppose you leave that letter with us.

Mr. PAHREN. I will do so. That will give a complete statement.

Senator SHEPPARD. We will give careful consideration to your suggestion.

Mr. PAHREN. Thank you, sir.

Mr. MILLER. Do you want that in the record?

Senator SHEPPARD. Yes.

Mr. MILLER. Put that in as Exhibit A.

(Said Exhibit A is copied in the record in full as follows:)

EXHIBIT A.

WASHINGTON, D. C., August 23, 1919.

HON. LEWIS HEISLER BALL,

United States Senate.

SIR: Yesterday morning my wife called on you to voice in person a protest against a further extension of the Saulsbury law, or against the enactment of any further legislation which after the reestablishment of peace would prevent any home owner in the District from recovering possession of his property for his own use.

You were courteous enough to give my wife a hearing, and to request that she submit a statement in writing so that it would be in your hands by Monday morning covering the circumstances of her case.

I hasten to comply with your suggestion, and you may find my experience as a landlord on a small scale not entirely uninteresting.

Allow me first to say that I am just a Government clerk employed in the Treasury Department, and, like most other Government clerks, dependent almost entirely on my salary for an income. Some years ago, while still a bachelor, I purchased a 12-room house downtown which was so arranged as to permit of being rented out as three one-family flats. The investment from the beginning was a bad one, and the project of conducting the house as a flat barely self-sustaining. With the progress of the war, however, there has been such an extraordinary increase in the cost of operation as a flat that at the present time the total income from the house does not meet the cost of operation. This you will understand from the following statement of earnings and operating expenses:

Cost of operation:

Taxes.....	\$78. 83
Insurance.....	5. 00
Light in hall.....	45. 00
Coal and wood.....	239. 50
Removal of rubbish.....	26. 00
Repairs.....	150. 00
Commissions on rents.....	58. 40
Water.....	25. 00
Depreciation.....	100. 00
Janitor service.....	163. 00
Interest on two trusts.....	390. 00

Total cost of operation.....	1, 278. 73
Income.....	1, 128. 00

Deficit from operation..... 150. 73

Allow me to say that this happens to be a very old house and that during the war it has been necessary to defer certain extraordinary repairs which if now made would cost probably not less than \$500. I merely mention this in case there should be any doubt of the propriety of including the charge of \$100 for depreciation as it appears in the foregoing statement of operating expenses.

Not only, therefore, am I obliged to devote a portion of my salary as a Government clerk to make good the deficit from operation, but under the Saulsbury law I am in a position where I can not even stop my losses by abandoning the operation of this house as a flat. You will further notice that in the foregoing statement of operating expenses and income, no account is taken whatever of some return to which I am entitled on the equity which

I have acquired by monthly payments on the house, nor does this statement place any valuation on my time, trouble, and services in keeping the project going. Nor is it possible for this statement to convey any adequate idea of the exasperations to which I have been subjected in dealing with tenants who throughout the period of their tenancy have grossly abused their privilege. In the case of one of these tenants I had started proceedings for eviction when these proceedings were estopped by the enactment of the Saulsbury law before the matter could be brought into court.

During the period of the war I have patiently submitted to the injustice and exasperations of the situation in which I find myself, confident that with the reestablishment of peace there would be restored to me that which was my own. About a year ago, I was married to the very charming lady who called on you yesterday, and it is now very naturally our wish and indisputable right to recover possession of our property with a view to converting it into a home. I therefore very solemnly protest against any further legislation which would prevent the consummation of this wish, or which would operate further to violate my constitutional rights as an American citizen.

Respectfully,

WM. F. PAHREN,

1236 Eleventh Street NW., Washington, D. C.

TESTIMONY OF FRED C. HAYS.

(The witness was duly sworn by Senator Capper, presiding in absence of Chairman Ball.)

Mr. MILLER. Give your name, address, and the name of the apartment in which you live.

Mr. HAYS. Fred C. Hays, 1237 G Street NW.

Mr. MILLER. Did you want to appear before the committee to produce some letter?

Mr. HAYS. Yes, sir. I don't know that I could do any better than to read the letter I wrote to the chairman of the District committee in reference to the Saulsbury resolution. That will cover my case.

Mr. MILLER. Will you state your business first?

Mr. HAYS. Manufacturer of mirrors and picture frames, dealer in art supplies and water colors.

Senator SHEPPARD. Just read the letter. It is not long.

Mr. HAYS (reading):

DEAR SIR: Just a word in defense of my property and my business as affected by the extension of the Saulsbury resolution.

I have made contracts for merchandise, have plans drawn for remodeling and am ready to go ahead with business extensions, all of which will be largely a loss if this 90-day amendment goes into effect without qualification. In my particular case there has been no question of profiteering on the part of my landlord. I have been unable to get possession of a part of my building under a lease written a year ago and which should have become effective August 15, 1918. Without due process of law I was deprived of my property rights under this lease, which caused a considerable loss this past year and now I am about to be subjected to this same condition again.

Not accused of any fault, I am about to be penalized and punished for the alleged faults of others. Mine is not an isolated case.

If this legislation is necessary, can not it at least be made to exempt business property which in no way affects the housing condition in the District? With this modification business growth and extension will not be destroyed.

I address you, sir, in the hope that this amendment can be modified in such a manner as to accomplish the desired result without injuring and in some cases destroying business enterprise.

Yours, very truly,

FRED C. HAYS.

Senator SHEPPARD. Is part of that property residence property?

Mr. HAYS. No, sir; it is entirely business, and I occupy the whole building except the lower half, which is a drug store.

Senator SHEPPARD. That is rented to you for business purposes?

Mr. HAYS. Yes, sir.

Senator SHEPPARD. And you can not recover under the Saulsbury law?

Mr. HAYS. No, sir.

Senator SHEPPARD. We will give careful consideration to your suggestion.

Mr. HAYS. That lease was written in March, 1918. The Saulsbury law went into effect in May or June.

Senator CAPPER. We will adjourn until 2 o'clock Tuesday.

(Thereupon the committee, at 5.15 p. m., adjourned until 2 o'clock p. m., Tuesday, August 26, 1919.)

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HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

TUESDAY, AUGUST 26, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman), Capper, Elkins, Sheppard, and Dial.

Present also. Mr. Thomas W. Miller.

Chairman BALL. The committee will come to order. We will continue the hearings on rents. Is Mr. A. D. Fairbairn present?

TESTIMONY OF MR. A. D. FAIRBAIRN.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Fairbairn, will you kindly give your full name and residence and the name of the apartment in which you live?

Mr. FAIRBAIRN. My name Alfred Donald Fairbairn. I live at 1450 Girard Street, and the name of the apartment is the Palmer House.

Mr. MILLER. What is your profession?

Mr. FAIRBAIRN. I am a journalist or newspaper man.

Mr. MILLER. How long have you lived in this apartment house?

Mr. FAIRBAIRN. I have lived in the present apartment since last December.

Mr. MILLER. Do you want to state the circumstances in connection with that apartment or the one you occupied previously?

Mr. FAIRBAIRN. I would rather tell the story from the beginning.

Mr. MILLER. Do you mean with reference to the apartment you lived in before?

Mr. FAIRBAIRN. The one I lived in before.

Mr. MILLER. Then please state to the committee as briefly as possible the name of the apartment, how many rooms you had there, when you occupied it, and what rent you paid, and whether there have been any increases.

Mr. FAIRBAIRN. Do you mean for the present apartment?

Mr. MILLER. You wanted to start with your former apartment.

Mr. FAIRBAIRN. All right. I formerly lived in an apartment at 200 Summings Lane, Chevy Chase. The owner of that apartment is Mrs. Erdman. I have forgotten her first name.

Mr. MILLER. When did you start living there?

Mr. FAIRBAIRN. I first started to live there in June of last year.

Mr. MILLER. June, 1918?

Mr. FAIRBAIRN. June, 1918.

Mr. MILLER. What is the size of your apartment, and what rental did you pay?

Mr. FAIRBAIRN. The size of the apartment was four rooms, and I paid \$70 a month rent.

Mr. MILLER. Furnished or unfurnished?

Mr. FAIRBAIRN. Well, it was alleged to be furnished. There was furniture in it.

Mr. MILLER. Did you receive any demand for an increase in rent before you left there?

Mr. FAIRBAIRN. No; but I received notice to quit in spite of the fact that I had a year's lease.

Mr. MILLER. Have you that notice with you?

Mr. FAIRBAIRN. No; I have not for that apartment. The rent was paid to date.

Mr. MILLER. State briefly the circumstances, then.

Mr. FAIRBAIRN. Gardiner & Dent are the agents for this place, a perfectly reputable firm of real estate agents. After I had occupied the apartment a few days I found that the man below me with an identical apartment was paying \$22.50 a month. His name was Mulligan. I also found Mrs. Erdman, who owned it, was an enemy alien and was by Executive order kept outside of the District of Columbia. I called the attention of the agents to that fact and also to the fact that I was being gouged. The answer was that while she was an alien she was not an enemy, and I expressed surprise that a reputable firm of real estate agents should collect the rent for an enemy alien and protect her in what she called her rights. In reply to that my attention was called to the fact that my house was furnished. I offered to have the furniture removed to a storage place, pay the storage on it, and pay double the rent that the man living below me was paying, but they would not accept the proposition. Then I offered to buy the furniture at an appraisement which would be placed upon it by competent valuers, but they would not listen to that; they wanted \$70 a month, and, finally, they wound up by giving me notice to quit.

Mr. MILLER. Did you quit?

Mr. FAIRBAIRN. Yes; I quit—I might as well tell the whole story—but I quit owing them a month's rent because I felt to cheat an enemy alien was just the same as despoiling the Egyptians, as spoken of in Exodus, and I would have done them for two months if that had been possible, and would have delighted in doing it.

Mr. MILLER. When did you leave there, Mr. Fairbairn?

Mr. FAIRBAIRN. I left on December 2, I think it was; I do not know whether it was at the behest of Gardiner & Dent or Mrs. Erdman, but one Saturday evening—I was then on the staff of the Star—a thoroughly pompous constable came along and seized my satchels and everything else. He did not take them, but he warned my wife that if she removed them from the premises he would have her arrested. My first act was to call a taxi, load them into it, and come into town. Then I went to see the constable and told him that

circumstances. He said, "Well, I am through with that gang," and let it go.

Mr. MILLER. So in December, 1918—

Mr. FAIRBAIRN. In December, 1918, after I left the enemy alien's house—and, by the way, later I received a notice from an attorney, a thoroughly reputable attorney, telling me that this lady had placed the collection of the rents in his hands. I went to him and explained the circumstances, and he said, "Oh, I am through. She will not induce me to collect the rent for her." Then I saw advertised the present apartment that I am in, and I went to the New York Business and Realty brokers, 1423 F Street Northwest, and they offered me the place at \$60 a month, which I did not complain of, but the party who was in there previously told me that they had rented it at \$50 a month, and I had information that in prewar times the same apartment rented at \$25.

Mr. MILLER. All these apartments were unfurnished, of course?

Mr. FAIRBAIRN. Unfurnished, and then I found that in that apartment there is no uniform system of rents; one person for the same number of rooms that I have pays \$45 a month; another pays \$58 a month, and it looks like they were trying to get anything that anybody would pay all the way through.

They have tried to get me out of there several times because they said they could rent it at an increased cost.

Mr. MILLER. Have you anything in writing that you could introduce on that point?

Mr. FAIRBAIRN. Yes; but would you permit me to lead up to that?

Mr. MILLER. Yes; but we have many other witnesses yet to hear.

Mr. FAIRBAIRN. I will only take a very short time now. Early in April my wife received a telegram from her mother's people in Decatur, Ill., saying that her mother was dying. I was then on the Star. He started out West and neglected to mail a check for the rent. She always mailed the check. Although the agents knew very well where I was, because I had entered into a contract right in the Star office and they knew where my desk was, they waited until about the 15th of the month and then got a summons for me and nailed it to the door. Well, I managed to overcome that by paying the rent. I thought my wife had paid it by check, and instead of coming down in an orderly way and trying to collect it, they thought they saw a chance there to get me out so as to get an increased revenue out of the apartment. Our rent is paid right up to the 1st of the month. Recently that apartment has been bought by a lady, Mrs. M. E. Boland. She lives at Virginia Highlands. We got this notice bought up by—I think it was an assistant janitor last night.

Mr. MILLER. Will you read that into the record at this point, please?

Mr. FAIRBAIRN. [Reading:]

WASHINGTON, D. C., August 25, 1919.

A. D. FAIRBAIRN,

Apartment No. 2 W, The Palmer Apartments,

1450 Girard Street NW.:

I, Mrs. M. E. Boland, having purchased the above-mentioned premises, hereby give you notice to remove from and quit possession of the apartment known as No. 2, the Palmer Apartments, located at 1450 Girard Street NW., at the expiration of 30 days from the end of your present month's tenancy.

MARY E. BOLAND,

Owner of premises, Virginia Highlands, Alexandria Co., Va.

I think the alleged reason for that is that we have a perfectly normal boy, 4 years old, who insists upon having a good time, and I refuse to muffle his voice or to make him in reasonable hours behave. I want him to be a real boy. In other words, they want all children to be kept out of the apartments. One of the tenants asked my wife if she would not wear rubber heels on her shoes or put down the carpets so there would be no noise on the floor. Another asked us if we would not send the boy to the country to the boarding school so he would not be around the house to annoy the tenants.

Our lease does not expire until December 1, and it looks like it is a plan among certain landlords to destroy the morale of the women and by intimidation force them to get out.

Mr. MILLER. They have sent you this notice but have not made any demands on you for an increase in rent since you went there?

Mr. FAIRBAIRN. No; they have not, but I have been informed. In fact, it is the general understanding around there, that they are going to make increased demands for rents as soon as the time expires.

Mr. MILLER. Have you been there long enough to state whether this apartment house is in need of repairs, whether any demands have been made for repairs?

Mr. FAIRBAIRN. I think it is like Paddy's gun; it needs a new lock, stock, and barrel. It needs rebuilding. The sink is in bad shape: the toilets are in worse shape. It is an old house. It can be made very comfortable. There are six apartments there. It would take about \$10,000 to put it in a real habitable shape.

Mr. MILLER. How many apartments did you say there are in the building?

Mr. FAIRBAIRN. There are six apartments in the building.

Mr. MILLER. We have brought out all the points we wish, and that will be all unless you have something to add, Mr. Fairbairn.

Mr. FAIRBAIRN. For six days they refused to remove the garbage and gave us no hot water, and treated us generally with contempt. I was obliged to write to Mr. Louis Brownlow, the Chairman of the Board of Commissioners, and the janitor remarked around there, when I threatened to go to the Board of Health, that the agents of the house had a pull with the Board of Health. Of course, I do not believe that the agents of the house ever had a pull with anybody, but as soon as Mr. Brownlow called their attention to the things that I complained of, the janitor came up in an automobile and the garbage was promptly removed and our hot-water privileges were restored.

If the Senators will allow me, I just want to call attention to this fact: There is no place in Washington to bring children. The landlords of this town are the greatest propagators of race suicide of any class we have. I talked recently to a young married man, a friend of mine, and said, "When are you going to give us a boy or girl?" He said, "Great God, how can I do that when we can not find any place to take them." The children are excluded just as the smallpox or yellow fever would be excluded, and the more normal the more they will be excluded.

When I first came to this town I had an apartment in the Burlington Apartment. That was in 1917. When the war was in prospect and when everybody thought we were going to have—

as it turned out to be—a crowded city, I was told that they needed my apartment on account of my boy—he made too much of a row. He was a general favorite around there. He did make a row, and I would not have a boy who would not. I paid \$65 a month for three rooms. They were immediately rented at \$175 a month.

Chairman BALL. The rent was increased from \$65 to \$175?

Mr. FAIRBAIRN. From \$65 to \$175 a month.

Senator CAPPER. I would like to ask you, Mr. Fairbairn, as a newspaper man who is quite familiar with conditions in this city, to what extent landlords are generally taking advantage of the admitted shortage of houses and apartments in this city to exact unreasonable and excessive rents throughout the city?

Mr. FAIRBAIRN. If I understand the question, Senator, you want to know what percentage—

Senator CAPPER. I want to know how general that practice is.

Mr. FAIRBAIRN. It is very general. There are a few landlords who are honestly trying to give their tenants value received. There are a number who are honestly trying to do that. There is not any objections whatever to landlords, in my opinion, increasing the rents to correspond with their increased outlays in janitor service, coal, and in all that kind of thing, but when you come to multiply that by three it is an entirely different thing.

At the same time, the general conspiracy against the infants, I think, is the most tragic thing in this whole situation. A normal married man wants to become a father and a normal married woman wants to become a mother, but they are prevented from that in a town like this.

I have been in about 40 cities recently, and I find that this is incomparably the worst city in the United States for rent and gouging. There is not any question at all about it.

Down in San Antonio, Tex., recently—and San Antonio has been greatly crowded—they had a fair-play organization, and although every apartment and room had been taken during the war, the mayor and others down there assured me positively that there were very, very few cases of outrageous profiteering. There were some advances, of course, to meet the corresponding increases in cost.

Senator CAPPER. What is that fair-play organization down there that you speak of?

Mr. FAIRBAIRN. It was an organization just before we entered the war, and every merchant and every real estate man and every landlord agreed to charge fair prices and not to exact any excessive profits.

Chairman BALL. Is that a Washington organization?

Mr. FAIRBAIRN. No; that was down in San Antonio, Tex. For instance, take the hotels there. I stayed at the Hotel Gunter. I had a perfectly fine room with bath for \$2 a day. And it must not be understood that San Antonio is a cheap town; it is one of the finest towns in the country, although it was a little higher there. They are spending about \$20,000,000 in new buildings there.

Mr. MILLER. Were those rooms that you referred to at the Burlington furnished or unfurnished?

Mr. FAIRBAIRN. They were furnished.

TESTIMONY OF WILLIAM S. WAUDBY.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you kindly give your full name, your place of residence, and the name of your apartment?

Mr. WAUDBY. William S. Waudby, at the present time the Wallraff, 3025 Fifteenth Street.

Mr. MILLER. How long have you lived there?

Mr. WAUDBY. There is nothing to say against the Wallraff.

Mr. MILLER. What is the testimony you want to give?

Mr. WAUDBY. I want to bring out whatever you want. I will say this: I was one of the early men who was profiteered out of a home.

Mr. MILLER. When did you rent that house and when did that take place?

Mr. MILLER. I lived at 3408 Warder Street for one year, and on February 15, 1918, I got a notice to quit.

Mr. MILLER. How long had you been living there?

Mr. WAUDBY. I had been living there one year.

Mr. MILLER. How many rooms were in the house?

Mr. WAUDBY. A box house, six rooms and porch, a good, comfortable house, one that I had been assured that I could live in as long as I wanted to.

Mr. MILLER. What rent did you have to pay for that?

Mr. WAUDBY. \$30.50.

Mr. MILLER. Unfurnished?

Mr. WAUDBY. Yes, sir.

Mr. MILLER. Now proceed.

Mr. WAUDBY. I got this notice to quit.

Mr. MILLER. Just read that into the record.

Mr. WAUDBY. (Reading:)

WASHINGTON, D. C., February 15 1918

TO WILLIAM S. WAUDBY,

3408 Warder Street NW., Washington, D. C.

SIR: As I am desirous to have possession of the house and premises known as No. 3408 Warder Street NW., in the city of Washington, D. C., which I now hold of me as tenant by the month, and which tenancy began on the day of April, 1917, I hereby give you notice to remove from and quit the premises at the expiration of 30 days from March 2, 1918.

EDITH H. GOTTWALLS,
3123 Warder Street

Mr. MILLER. What action did you take?

Mr. WAUDBY. I immediately went down to Mr. Gottwalls and asked him what was the occasion for this. He said, "I have sold the house." I said, "Why did you not give me an opportunity?" I said, "To whom did you sell it?" He said, "To Mr. Austin." I said, "Mr. Austin has never been in my house." He said, "You were a good tenant we did not want to disturb you by taking people through the house, so we sold it sight unseen."

Mr. MILLER. Did you move out of the house?

Mr. WAUDBY. So I said, "I suppose I will have to move out or be thrown out," and he said, "Yes." So we immediately proceeded to look all over Washington for a place. We looked for three days and could not find anything.

Mr. MILLER. What did you do then, Mr. Waudby? Did you move out of the house? Just give me a specific answer to my question, please.

Mr. WAUDBY. Yes, sir; I will, but that is not getting me anywhere, because this is quite a story.

Chairman BALL. Did you vacate the house? Did you vacate the house in accordance with that order? That is what the committee would like to know.

Mr. WAUDBY. Yes, sir; I did.

Chairman BALL. What did you do then?

Mr. WAUDBY. I engaged in a strenuous warfare with the real estate agent. They wanted to force me to buy a house, and I did not want to be forced. Saunders & Co., real estate men, 1407 F Street, NW., sent a man up there with a lease, a salesman, Franklin E. Fletcher. He told Mrs. Waudby, "It is up to you to buy a house or live in a tent."

Chairman BALL. What did you finally do, buy the house?

Mr. WAUDBY. I did not.

Chairman BALL. What was your next move?

Mr. WAUDBY. The next move was a hunt all around, and I got a vacant storeroom and fitted that up to move in.

Chairman BALL. How long did you live there?

Mr. WAUDBY. I lived there 15 months, among the rats. The man who owned the place made me pay two months in advance before I got in there.

Mr. MILLER. How much rent did you pay and where is that location?

Mr. WAUDBY. 3424 Fourteenth Street.

Mr. MILLER. How many rooms were in there?

Mr. WAUDBY. There was one large room, and every time I wanted a new room I took my chalk line and made one.

Mr. MILLER. How much of a family did you have in that place?

Mr. WAUDBY. I had myself and wife and son.

Mr. MILLER. When did you leave there?

Mr. WAUDBY. I left there about four weeks ago.

Mr. MILLER. And went to your present address?

Mr. WAUDBY. Yes. In the meantime I looked all over Washington and could not find anything.

Mr. MILLER. Are there any other points you would like to have brought out?

Chairman BALL. What rent is he paying now?

Mr. MILLER. The witness says he has no complaint whatever to make regarding the rent he is paying now.

Mr. WAUDBY. I want to say this: I notified everyone that had any authority in Washington, from the President of the United States along down the line. They had full cognizance of what was going to happen; Mr. Ben Johnson, of the District Committee, and the District Commissioners, and everyone, but they did nothing. If this matter had been taken up on the first alarm we would have had no profiteering.

Chairman BALL. Let me make this one statement: We want just concrete statements of the treatment you have received. We have a lot of testimony to take and many people to interview. We hope to be able to get through in time to pass some legislation by the 1st of

October that will protect the people, if we can do so. So we want simply the concrete statements that are going to be of use to us in this matter. Is there anything further along that line that you wish to state?

Mr. WAUDBY. I have nothing further to offer, if I can not offer what I want. But here are some statements of gentlemen who are victims that I would like to offer. They are right up to date. You are very welcome to have those.

Mr. MILLER. They may not be incorporated into the record, but the committee will be very glad to get them.

Mr. WAUDBY. It does not make any difference; I am very pleased to give them to you.

TESTIMONY OF HOWARD F. MOORE.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Moore, will you please state your full name and your place of residence?

Mr. MOORE. Howard F. Moore; 1744 Riggs Place NW.

Mr. MILLER. Do you know about this letter that I hold in my hand? It is not signed.

Mr. MOORE. Yes; my wife wrote that. I lease the property. My wife wrote to Senator Sherman and just asked the question whether this was profiteering or not?

Mr. MILLER. Let me ask you a few questions. You live at 1744 Riggs Place northwest?

Mr. MOORE. I do.

Mr. MILLER. You rented that place on July 14, 1917, and you pay \$100 a month?

Mr. MOORE. Yes.

Mr. MILLER. Furnished or unfurnished?

Mr. MOORE. Unfurnished.

Mr. MILLER. How many rooms and baths are there in that house?

Mr. MOORE. Eight rooms and two baths.

Mr. MILLER. Do you know what that rented for previous to your signing your lease?

Mr. MOORE. \$55 a month.

Mr. MILLER. How long had the people occupied it at \$55 a month?

Mr. MOORE. I think several years.

Mr. MILLER. Do you know whether the house was rented previous to 1917, when these tenants you have just referred to went into it?

Mr. MILLER. No; I do not. That is the only point I have to make, that the rent has increased from \$55 to \$100, unfurnished.

Mr. MILLER. For how long a period have you signed your lease?

Mr. MOORE. One year.

Mr. MILLER. Does the house need repairs?

Mr. MOORE. No; it is in very good condition.

Mr. MILLER. In other words, you have no complaint to make about the condition of the house?

Mr. MOORE. No complaint whatever to make; I am just pointing out the difference in rental.

Mr. MILLER. What is your profession?

Mr. MOORE. Chemist.

Mr. MILLER. What are the names of the agents or the owners of the house?

Mr. MOORE. The name of the agent is Edgar D. Turner, trading as Louis P. Shoemaker.

TESTIMONY OF MRS. RICHARD I. PURCELL.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mrs. Purcell, will you kindly give your full name and the name of the apartment in which you live?

Mrs. PURCELL. Mrs. Richard I. Purcell, The Royalton, 918 M Street, apartment 30. I was told the last week in May that my rent would be increased \$15 or I would have to vacate my apartment.

Senator SHEPPARD. What rent were you paying?

Mrs. PURCELL. \$50.

Senator SHEPPARD. What was the size of the apartment?

Mrs. PURCELL. Five rooms and bath.

Mr. MILLER. When did you first go to this apartment?

Mrs. PURCELL. Eight years ago, the 1st of September.

Mr. MILLER. In 1911, the 1st of September, you rented this apartment?

Mrs. PURCELL. Yes, sir.

Mr. MILLER. What did you pay for it then?

Mrs. PURCELL. \$50.

Mr. MILLER. And you have paid \$50 right along until this time?

Mrs. PURCELL. Yes, sir.

Mr. MILLER. Have you that notice there that you spoke of?

Mrs. PURCELL. I have not a written notice for myself. Mr. Handy came into my apartment and told me this, but I have this notice from other people, and they have told me to speak for them.

Mr. MILLER. In other words, this is a similar notice to what you received?

Mrs. PURCELL. No; I never received my notice. He came in and told me, in the presence of a witness, that I would have that to do.

Mr. MILLER. We will introduce at this point as Exhibit A a letter signed J. A. Hayden, real estate, loans, and insurance, 1410 G Street NW., the same having been sent to the tenants in the Royalton apartment house.

(The letter referred to is as follows:)

[Joseph A. Hayden, real estate, loans, and insurance, 1410 G Street NW., agents, brokers, appraisers.]

WASHINGTON, D. C., July 7, 1919.

Mrs. M. E. SULLIVAN.

DEAR MADAM: On the 25th of June you were advised that you could have a lease on your apartment for one year from the 1st of August, the lease to be signed on or before the 15th of July.

This letter is to remind you that we have not heard from you in regard to this matter, and we wish again to call your attention to the fact that tenants who have not signed on or before the date stated will not be given leases under any conditions whatsoever.

Respectfully,

J. A. HAYDEN.

Chairman BALL. How many apartments are there in that apartment house?

Mrs. PURCELL. Twenty-five, I think.

Chairman BALL. Has any demand been made for an increase in the rental?

Mrs. PURCELL. Yes, sir.

Chairman BALL. How many of the apartments were rented up to, say, 1915? Were there any vacant apartments there at that time?

Mrs. PURCELL. I do not think so, sir.

Chairman BALL. They have always been rented?

Mrs. PURCELL. They have always been rented. When I went in there eight years ago there were nine vacant.

Chairman BALL. Well, there were some vacant ones at that time then?

Mrs. PURCELL. Yes, sir.

Chairman BALL. That is what I want to know. Were there any vacant apartments up until, say, 1915?

Mrs. PURCELL. Well, one or two.

Chairman BALL. Are there any vacancies there now?

Mrs. PURCELL. No, sir; not to my knowledge.

Chairman BALL. Not any?

Mrs. PURCELL. No, sir. Here is another notice that Mr. Hayde sent out that he did not sign, and I also have a letter here from Mr. Borlan complaining of having been charged \$20.

Mr. MILLER. We will introduce at this point, as Exhibit B, another letter from Joseph A. Hayden, real estate, loans, and insurance, 141 G Street NW., the same having been sent to tenants in the Royalton Apartment.

(The letter above referred to is as follows:)

[Joseph A. Hayden, real estate, loans, and insurance, 1410 G Street NW.; agents, broke appraisers.]

WASHINGTON, D. C., June 25, 1919.

Mrs. L. M. STEVENS.
918 M Street NW., City.

DEAR MADAM: I beg to advise you that it will be necessary for you to call this office and make necessary arrangements for a new lease on your apartment for the coming year from the 15th day of July.

If you fail to sign a lease before that time, your apartment will be listed for rent as soon as possession can be had.

Respectfully,

Mr. MILLER. You have a letter here from Mrs. Borlan, another tenant in the Royalton Apartment, stating that her rent has been raised \$20 per month. Do you know what she pays now?

Mrs. PURCELL. She is paying \$70.

Mr. MILLER. In other words, they want \$90 per month?

Mrs. PURCELL. No; she is paying \$50 now. She has been raised from \$50 to \$70.

Mr. MILLER. What is the size of her apartment?

Mrs. PURCELL. Five rooms and bath.

Mr. MILLER. Do you know how long she has lived there?

Mrs. PURCELL. No, sir; I do not. Here is another letter, and here are some leases that Mr. Hayden has insisted on the tenants signing.

Mr. MILLER. Let me see a copy of the lease. Are there any particular clauses in there that you want to call to the attention of the committee?

Mrs. PURCELL. No.

Mr. MILLER. Well, it will not be necessary to introduce that in evidence. It is the usual form of lease.

Mrs. PURCELL. But our point was, Should they have signed the lease before October 1?

Mr. MILLER. Well, the committee can not give you any advice in the matter; it just wants your experience with your landlord.

TESTIMONY OF JOHN B. DICKMAN.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Dickman, please give your full name.

Mr. DICKMAN. John B. Dickman.

Mr. MILLER. And your connection with the Government employees?

Mr. DICKMAN. I am employed in the Government Printing Office as a proof reader.

Mr. MILLER. Are you a former official of one of the Government employees' associations?

Mr. DICKMAN. That is not strictly a Government employees' association. I have been president of some of their relief associations and also financial secretary, but the large organization is the typographical union, of which I have been president three times.

Mr. MILLER. Are you a former official of the Central Labor Union?

Mr. DICKMAN. Yes, sir; I have served that organization as president twice and also as a delegate to the American Federation of Labor, held at New Orleans, La.

Mr. MILLER. Will you proceed now with the points you want to bring out?

Mr. DICKMAN. The points that I want to bring out, gentlemen, I will be brief about, because I know that your time is valuable. The papers that I have here I will leave with the secretary to be used as exhibits to prove the statements that I am going to make.

The statements are based on newspaper articles, starting with that of March 23, in which the statement is made that rentals are to go up.

Mr. MILLER. What paper was that in?

Mr. DICKMAN. That was taken from the Post of March 23, 1919. On the same date C. W. Fairfax, the president of the Real Estate Brokers' Association, made the statement that he predicted a tenant war.

Mr. MILLER. The date of that is March 23, 1919?

Mr. DICKMAN. Yes, sir; taken from the Post. Then, on March 30, there is a clipping stating the decision of Justice McCoy, as follows: "Rules the rent law valid."

Here is a clipping from the Post of June 8 to show that the rates were going up. Then there is a clipping from the Times of March 20.

Mr. MILLER. Entitled what?

Mr. DICKMAN. "After the Saulsbury law, what?" The last paragraph of that article says:

What I want to show is that the housing problem in Washington is the biggest and most important problem we have, and unless the big real estate men get together on it for the benefit of everybody, the Saulsbury law is not a circumstance of what will happen.

That is by Earl Godwin.

Taken from the Star of June 22 I have a copy of a resolution passed by the United Spanish War Veterans asking that a rental law be enacted extending the Saulsbury Act two years.

Then, finally, I have a clipping with reference to the ejection of Mrs. Smith from her apartment, or her being asked to leave.

Mr. MILLER. Where was that apartment?

Mr. DICKMAN. That was at 2611 Adams Mill Road. That I will leave. The committee can make use of that if they so desire; also an editorial from the Star.

Mr. MILLER. I take it that the committee does not want these incorporated into the hearing, but we will use them as exhibits for the use of the committee.

Mr. DICKMAN. All right. The real estate men say they have nothing to do with the rise in prices. Here is a communication from Eugene H. Taggart, dated June 30, 1919.

Mr. MILLER. Where is his place of business?

Mr. DICKMAN. 1320 New York Avenue. The letter is addressed to R. R. Tompkins.

(The letter above referred to is as follows:)

• [Eugene H. Taggart, real estate, 1320 New York Avenue; phone 5500.]

WASHINGTON, D. C., June 30, 1919.

Mr. R. R. TOMPKINS,

Apartment 4, 1656 Euclid Street, Washington, D. C.

DEAR SIR: I regret that we are compelled to advise you that the apartment you occupy will be required on the 1st day of October, 1919. Hence the 4 days' notice to vacate the premises. I am,

Respectfully,

E. H. TAGGART.

Mr. DICKMAN. Here is a letter from Liebermann & Hawn, real estate brokers, 1421 F Street NW., dated July 8, 1919.

I want to explain beforehand that I will read this letter without the name of the party to whom it is addressed, stating only that I lived at the Sagamore Apartment House. The name is on the envelope and can be used afterwards if it is so desired on the part of the committee:

DEAR SIR: We beg to advise you that beginning October 1, 1919, your rental will be \$36 per month on a yearly lease. Kindly let us know by August 1, 1919, if you care to sign a new yearly lease at the above increase.

If we do not hear from you on or before August 1, 1919, we will proceed to lease to a new tenant for one year from October 1, 1919.

The above increased rental is quoted only to our present tenants. If we procure new tenants, our rates will be higher. It is very important that you hear from you at once as we have a very long waiting list.

Very truly, yours,

LIEBERMANN & HAWN

Now, gentlemen of the committee, the reason that I did not read that name is that I received that letter and had it a week or so, possibly 10 days, when the gentleman asked the return of the letter so that he could erase his name. Instead of erasing it he cut it off with his penknife.

I believe that I can show why the tenants are afraid to actually give their own names. They have been browbeaten and bamboozled and bulldozed until they are just simply in a state where they are ready to submit.

I want to leave also with the committee a copy of a formal contract that was submitted to me by a friend of mine who lives at the Derbyshire, 1761 Columbia Road. His rent was \$40 a month, and it was raised to \$52.20 a month.

Mr. MILLER. Do you know the size of his apartment?

Mr. DICKMAN. I do not know that; I did not ask him that unfortunately; but the first paragraph of the contract reads as follows:

It is further covenanted and agreed that upon failure of the said second party to pay any installment of rent herein provided to be paid at the time when the same shall become due and payable the whole amount of rent herein provided to be paid throughout the term of this lease shall, at the option of the said lessor, be accelerated and become due and payable upon demand and in advance for the unexpired portion of said lease, with all rights and privileges in the said lessor to sue for and recover the same as is provided by law.

I believe the committee has a copy of my list of the canvass mailed by the Government Printing Office, covering something like 100 cases that were ready to put their names and addresses down on paper, and also a statement of what raises had been made.

Mr. MILLER. We have that here, Mr. Dickman.

Mr. DICKMAN. Then, I have an anonymous letter here. The gentleman who sent it did not feel like signing his name, and that was for the sole reason that he is in the real estate business himself and declares here that if he did give his name the gang would put him out of business.

Mr. MILLER. Do you know him, Mr. Dickman?

Mr. DICKMAN. I do not.

Mr. MILLER. Does the committee want this anonymous letter read into the record?

Chairman BALL. I think not.

Mr. DICKMAN. I want to say to the committee, just by way of concluding, that if the committee has the time to do it, it should call on Mr. J. P. Cook, 1438 Meridian Place. Mr. Cook is connected with Swartzell, Rheem & Hensey.

Mr. MILLER. I will say for the benefit of the committee that that firm has been summoned to appear at a later day in the week.

Mr. DICKMAN. I believe that is all. I thank you very much for the opportunity to present these matters before you to-day.

TESTIMONY OF MR. C. B. HEMINGWAY.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Chairman, Mr. Hemingway represents Mrs. M. May, who was summoned by the committee, but who could not be here. Mr. Hemingway, will you just state the facts in the communication you have there?

Mr. HEMINGWAY. She wrote a letter to Senator Sherman on May 21, as follows:

I am one of many thousands of victims of rent profiteering here, and want to see it made impossible. But to do that it must be gone at right. If we were to move the Capital and then duplicate present conditions, rent profiteering would again recur.

Congress is solely responsible. It has exclusive jurisdiction over the District of Columbia. If rent profiteering exists here, it is because Congress has enacted laws that have brought about the conditions that induce it. If, instead of turning over to speculators all land here not immediately needed for use, they had

been leased for indefinite periods to those who wanted to use them, there would have been ample revenue for local purposes, and no monopoly would have developed; this would have been a city of privately owned homes; these homes would have afforded ample accommodation for the recent increase in population, and there would have been but little increase in rent.

Congress still has exclusive jurisdiction here. It can make rent profiteering impossible. But will it? Or will it hold the right to profiteer to be so sacred that it must not be interfered with?

The one simple remedy for rent profiteering is a law making it impossible to hold land out of use, imposing a penalty therefor, and forfeiting title for failure to pay the penalty when due; and then letting the forfeited lots to those who will use them, at a rent equal to the tax due on such privately owned lots. This would not only solve the rent-profiteering problem, but many others as well; it would make Washington the most prosperous, happiest, and greatest city in the world—a city free from local monopoly.

It is hoped that you will initiate a measure adequate to accomplish the object.

Sincerely, yours,

M. MAY.

Mr. MILLER. Do you want to state to the committee any of Mrs May's difficulties in her apartment?

Mr. HEMINGWAY. I do not wish to go into that feature of it at all. I merely wish to appear in behalf of that proposition that I have named, that Congress enact a law making it unlawful to hold land in the District of Columbia out of use, and imposing a penalty on such lands, and upon failure to pay that penalty forfeiting those lands to the District of Columbia or the United States, and then leasing or letting them to any who desire to improve them.

There is one other feature that I would like to cover. The Saulsbury resolution has never been any protection to the roomers or workers who come here to help out. In fact, they have been the special victims of it. They were subjected to all manner of extortion, and there was no law to protect them. The rooming houses were amply protected by the Saulsbury act against any increase in the rent they paid for the houses, and then they soaked it on the roomers. I am a roomer. The rent of the house was not increased to my landlady, but she increased my room rent 55 per cent.

All kinds of pains and penalties have been proposed to prevent or cure rent extortion in this District. They will accomplish no more than this Saulsbury act, which merely held back one set of would-be profiteers, but turned over to others all the profit they would have taken.

Is it not a little strange that not one of the quack doctors who have been prescribing in this case has proposed more houses as a remedy?

It was stated the other day by some of the profiteers that the returns they had received only averaged 5 per cent. I want to comment on that. The return for real estate is always about 5 per cent because—

Chairman BALL. We propose to ascertain later from the testimony of the real estate owners the percentage that they are making. The question now at issue in this hearing is the complaints. We want to get the increased rent demands.

Mr. HEMINGWAY. I want to show the fallacy of that statement.

Chairman BALL. So far as the percentage is concerned it will be figured out from the testimony of the owners and from testimony

which we will have as to the cost and assessed value of those buildings. So please give us now just the complaints.

Mr. HEMINGWAY. Well, I am not interested in the complaints, for the reason that you have an abundance of those; I am here to point out a remedy.

Chairman BALL. Well, that comes in later.

Mr. HEMINGWAY. May I read just this one clause?

Chairman BALL. Yes.

Mr. HEMINGWAY. The return for real estate is always about 5 per cent, because that is about the net current rate of interest, and any increase or reduction of rent immediately changes the capitalization accordingly. If the rent were to be doubled it would still be 5 per cent return, because the market price would be doubled because of such increase in rent.

Chairman BALL. To offset that evidence we have positive testimony which will be submitted to this committee from the assessors of the District of Columbia. Property here is assessed at two-thirds of its value. All that information will be in the hands of the committee. We get it first-hand from those people who are supposed to be able to tell very nearly the value of property. So it is merely taking up time now with evidence of this kind unless you have formal complaint to make.

Mr. HEMINGWAY. I want about 30 seconds more and then I am through. The high cost of living is due solely to the fact that some have power to extort from labor a much greater part of its produce than heretofore. There is but one adequate remedy for this, and that is to break the power to so extort. All the remedies heretofore proposed merely propose to punish the extortion, but they leave the power to extort intact. The power is founded on statutory law. To break the power those laws must be repealed.

Senator SHEPPARD. What law is it you think should be repealed?

Mr. HEMINGWAY. The law that gives power to hold lands out of use, to raise prices of those lands so that it is impossible to buy the lands, improve them and occupy them, or rent them.

Chairman BALL. My dear, sir, will you take a farm and work it?

Mr. HEMINGWAY. Me?

Chairman BALL. Yes.

Mr. HEMINGWAY. No, sir; I am not a farmer.

Chairman BALL. Well, that is just the trouble with production.

Mr. HEMINGWAY. I am not a farmer.

Chairman BALL. No; and you can not get people to work on the farms.

Mr. HEMINGWAY. I beg your pardon, Senator; all that is needed is to cut the rents——

Chairman BALL. Well, that is not within this discussion now; but your premises are not well founded. If you have no further evidence along the line of this investigation we will proceed with the other witnesses.

Mr. HEMINGWAY. I have nothing except to advocate that a penalty be placed upon the holding of lands out of use in the District of Columbia for the purpose of restoring them to the condition they were originally intended to be in.

TESTIMONY OF MISS CAROLINE GRAVES.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Miss Graves, will you please state your full name and your place of residence?

Miss GRAVES. Caroline Graves. I am representing Mrs. Wedderburn. I live at the Ripley, 1424 R Street NW.

Mr. MILLER. You are here in the place of Mrs. Wedderburn, who wrote to the committee?

Miss GRAVES. Yes, sir; it is her apartment.

Mr. MILLER. You are familiar with Mrs. Wedderburn's case?

Miss GRAVES. I am.

Mr. MILLER. Will you state to the committee what Mrs. Wedderburn pays for that apartment, how many rooms there are in it, and how long she has lived there?

Miss GRAVES. She has been there three years last June.

Mr. MILLER. She went there, then, in June, 1916?

Miss GRAVES. Yes, sir.

Mr. MILLER. What did she pay for the apartment?

Miss GRAVES. \$27.50 a month. She has two small rooms, a kitchenette, and a bath. It was then owned by Harry Wardman, and he wanted an increase of 12 per cent. Mrs. Wedderburn wrote Mr. Wardman and he would not consent.

Mr. MILLER. When did they make a request for that raise in rent?

Miss GRAVES. That was last fall.

Mr. MILLER. Then, in the fall of 1918, probably before October they made a demand for an increase to what amount?

Miss GRAVES. Twelve per cent. But it was after October 1.

Mr. MILLER. Twelve per cent of \$27.50?

Miss GRAVES. Yes. Then Mrs. Wedderburn wrote to Mr. Wardman and he would not consent. He said he was making as much as he desired. And in January or February it was sold to a Mrs. Go and she came in and said unless Mrs. Wedderburn paid an increase of \$5 she must vacate at once. Mrs. Wedderburn then paid the increase of \$5, making the rent \$32.50.

Mr. MILLER. Did she sign a lease?

Miss GRAVES. She signed a lease to Mrs. Goth.

Mr. MILLER. Can you give her name and address?

Miss GRAVES. Mrs. Goth sold to Gardiner & Dent, so to-day Gardner & Dent are the owners and agents.

Mr. MILLER. So Gardiner & Dent are the owners and agents?

Miss GRAVES. Yes; 717 Fourteenth Street. This was the letter that Gardiner & Dent sent, although they have the wrong date.

Mr. MILLER. Will you read that into the record, please?

Miss GRAVES (reading):

Please take notice: As we are desirous to have again and repossess apartment 22, the Ripley, situate 1424 R Street NW., Washington, D. C., now occupied by you as tenant to us, we hereby give you notice to remove from, quit, and render us possession of said apartment 30 days from August 1, 1919.

GARDINER & DENT (INC.)
A. S. GARDINER, *President*

After this letter was received she went down to Gardiner & Dent and they said that if she would pay an increase and make it \$40

she could stay. Mrs. Wedderburn refused to pay it, and since then nothing has been done. She put it in the hands of her attorney.

Mr. MILLER. Where is Mrs. Wedderburn employed?

Miss GRAVES. She is in the Treasury Department. She is out of the city at present.

Mr. MILLER. Have they said anything to her as to what they will do if the Saulsbury resolution expires?

Miss GRAVES. They have not. She put it in the hands of Judge Elliott. They wrote her that she must sign by August 15, and I called up Judge Elliott and he said he had written to Gardiner & Dent and they had not responded, and for her to do absolutely nothing at all about it until she heard from him. That was all I heard about it.

Chairman BALL. How many apartments are there in that building?

Miss GRAVES. There are about 27, I think, in the building.

Chairman BALL. Do you know when Mrs. Wedderburn went there whether the apartments were all occupied or not?

Miss GRAVES. I do not.

Chairman BALL. Are the apartments all taken there now?

Miss GRAVES. I am sure they are; yes.

TESTIMONY OF GEORGE E. HOSICK.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Hosick, will you state your full name and address and the name of the apartment in which you live?

Mr. HOSICK. George E. Hosick, the Wood Apartments, 219 T Street NE.

Mr. MILLER. When did you first take that apartment?

Mr. HOSICK. We have had an apartment in that apartment house about five year, but this particular apartment nearly two years.

Mr. MILLER. What did you pay for it two years ago, and how many rooms are there in the apartment?

Mr. HOSICK. There are four small rooms and bath. We pay \$27.50 at this time.

Mr. MILLER. You have had no demand for an increase?

Mr. HOSICK. We have had a demand of an increase of about 55 per cent.

Mr. MILLER. Have you got that demand with you in writing?

Mr. HOSICK. I have.

(The letter referred to was produced by Mr. Hosick and is copied into the record in full, as follows:)

[Liebermann & Hawn, real estate brokers, loans, insurance, and rentals, 1421 F Street.]

WASHINGTON, D. C., August 21, 1919.

MISS SEBA HOSICK,
No. 30, The Wood, 219 T Street NE., City.

DEAR MADAM: We beg to advise you that in the future the rent of the apartment you occupy will be payable at this office. The agreement which you signed with Mr. B. W. Parker has been turned over to us.

INCREASE IN RENT.

We also beg to advise you that beginning October 1, 1919, your rental will be \$42.50 per month on a yearly lease. Kindly let us know by September 1, 1919, if you care to sign a new yearly lease at the above increase.

If we do not hear from you on or before September 1, 1919, we will proceed to lease to a new tenant for one year from October 1, 1919.

The above increased rental is quoted only to our present tenants. If we procure new tenants, our rates will be higher. It is very important that we hear from you at once as we have a very long waiting list.

Very truly, yours,

LIEBERMANN & HAWN.

Mr. MILLER. That is the same character of letter that another witness read into the record.

Chairman BALL. I would like to just comment on those letters. They contain not only a notice as to an advance in rent to the present tenants, but they contain a threat that unless you take the advance and go out probably you will have to pay a much larger rent when becoming a new renter.

Mr. HOSICK. No; they say it will be rented to another party on September 1.

Senator SHEPPARD. What is your business?

Mr. HOSICK. I am a clerk in the War Department.

Senator SHEPPARD. What is your salary?

Mr. HOSICK. \$1,200 basic pay.

Senator SHEPPARD. Are you a man of family?

Mr. HOSICK. Yes, sir.

Senator SHEPPARD. What is the size of your family?

Mr. HOSICK. Two; my sister and myself. May I add one word? Our rate of increase is 55 per cent. Another tenant in apartment 15 is raised 70 per cent. Another tenant in apartment 16 is raised 87½ per cent.

Chairman BALL. With similar letters to the one sent you?

Mr. HOSICK. Yes, sir.

Mr. MILLER. Does the apartment need repairs?

Mr. HOSICK. We have had no repairs to speak of since we went in. Just now they are painting the outside.

Mr. MILLER. How was the heating last winter?

Mr. HOSICK. Fair.

Chairman BALL. From whom do you rent?

Mr. HOSICK. We have been renting from B. W. Parker, agent. He is one of the Woodward properties.

Chairman BALL. Do you know whether this man who has sent you the second notice has leased all that property from the original owner, and whether this will be a subletting contract?

Mr. HOSICK. Well, I do not know what your rules of evidence are.

Chairman BALL. Well, I will ask you another question first. Has every tenant in the apartment received a notice?

Mr. HOSICK. Yes, sir.

Chairman BALL. To make an entirely new lease?

Mr. HOSICK. Yes.

Chairman BALL. But you are not sure that the other man has rented the entire apartment, or whether he is acting as agent?

Mr. HOSICK. The place, I am informed credibly, has been so recently.

TESTIMONY OF EUGENE E. GADDIS.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name, the place where you live, and the name of the apartment.

GADDIS. Eugene E. Gaddis; apartment 3, the Carlton, 1741 Place NW.

MILLER. How long have you lived in that apartment?

GADDIS. Three years the 1st of October.

MILLER. In other words, you went there October 1, 1916?

GADDIS. Yes, sir.

MILLER. What rent did you pay when you went there?

GADDIS. \$20 a month.

MILLER. What size was the apartment?

GADDIS. Two rooms and a bath.

MILLER. To your knowledge, were all the apartments there at that time? Were all the apartments filled up?

GADDIS. No, sir; there were three vacant apartments, and he was my choice of the one I wanted.

MILLER. It has been filled since you went there?

GADDIS. Yes, sir.

MILLER. Have you received any notice of, or demand for, an increase in rent?

GADDIS. When my year expired, that took me up to 1917, they increased my rent 12½ per cent.

MILLER. State what you paid then.

GADDIS. I paid \$20 from October 1, 1916, to October 1, 1917.

MILLER. What did you pay after October 1, 1917?

GADDIS. \$22.50. And he served me a 30 days' notice and gave me a very nice letter for the purpose of increasing my rent.

MILLER. Did you sign a new lease for that amount?

GADDIS. Yes, sir.

MILLER. Did you receive any further demands for an increase in rent?

GADDIS. Yes, sir. On April 29, 1918, I received another 30 days' notice.

MILLER. They were going to increase it then to what amount?

GADDIS. They just served me a notice to vacate. In the meantime the Saulsbury law was passed, and they wrote me a letter asking me to voluntarily increase my rent.

MILLER. Do the Senators want this put in the record?

MAN BALL. Yes; all those notices should go into the record.

MILLER. Just read the letter you received from C. W. Simpson, Fifteenth Street NW., dated April 29, 1918.

GADDIS (reading):

Simpson Co. (Inc.), real estate and insurance, 784 Fifteenth Street NW.]

WASHINGTON, D. C., April 29, 1918.

EUGENE E. GADDIS,

No. 3, The Carlton,

1741 Lanier Place NW., City.

SIR: As we are desirous to have again and repossess apartment No. 3, Carlton, 1741 Lanier Place NW., which you now hold of us as tenant, we hereby give you notice to remove from and quit the same 30 days from the date of your present month's tenancy.

Yours, very respectfully,

C. W. SIMPSON CO. (INC.),
By L. V. BEALE, Treasurer.

MILLER. What did you do when you received that letter which I just read?

Mr. GADDIS. I did nothing; I paid no attention to that, until the Saulsbury law was passed, which protected me.

Chairman BALL. You took advantage of the Saulsbury law?

Mr. GADDIS. I took advantage of the Saulsbury law; yes, sir. Then the agent followed that up by asking me voluntarily to increase my rent.

Mr. MILLER. I think it would be well for the committee to have this letter read from C. W. Simpson Co., dated September 20, 1918. Will you kindly read that?

Mr. GADDIS. (Reading:)

[C. W. Simpson Co. (Inc.), real estate and insurance, 734 Fifteenth Street NW.]

WASHINGTON, D. C., September 20, 1918.

Mr. EUGENE E. GADDIS,
No. 3 Carleton, Washington, D. C.

DEAR SIR: We have been instructed to call to your mind the greatly increased cost of maintaining the building in which you live. You are aware that the price of coal has almost doubled during the past 18 months; wages and other fixed charges are also greatly increased.

It is a matter of general knowledge that the owners or agents of property are prohibited by law from increasing the rent or terminating a tenancy except for certain specific causes. In view of this condition of affairs, may we suggest that you give careful consideration to this matter and see if a spirit of fairness will not lead you to volunteer to pay a sum in excess of that now contracted for?

An early expression of opinion from you will be greatly appreciated.

Very truly, yours,

C. W. SIMPSON Co. (INC.),
By MYERS.

Mr. MILLER. In other words, that is a letter written to you in an endeavor to get around the Saulsbury resolution?

Mr. GADDIS. Yes, sir.

Mr. MILLER. Did you regard that as a threat of any kind or just good-natured suggestion? How did you consider that letter when you received it?

Mr. GADDIS. Well, knowing the agent so well, I considered it good-natured suggestion. I can't call that a threat.

Mr. MILLER. What was your next experience?

Mr. GADDIS. I got this letter [indicating].

Mr. MILLER. Did you express a willingness to pay the increased rent?

Mr. GADDIS. The committee has before it a letter which I wrote Senators Sherman and Pomerene, which sets forth all the facts.

Mr. MILLER. State them briefly here. Did you voluntarily express a willingness to pay the increased rent?

Mr. GADDIS. I told the agent if they would take the exclusive control of that apartment house and furnish us heat and stop the owner from annoying us and the other tenants I would willingly pay the increased rent. They didn't do that. I offered to increase my rent 25 per cent if they would furnish heat and keep the apartment properly upkeep. May I go ahead?

Mr. MILLER. Yes.

Mr. GADDIS. It is owned by a man named Thomas W. Buckey, who has an apartment in the building directly above mine. He refused

to burn coal, even before the high price of coal, to keep the apartment heated. We have no heat there. One Saturday I notified the agent that when I went home if there was no heat in the heating plant I would build a fire myself. I went home and found my wife in bed trying to keep warm, and no heat, other tenants complaining. I went down and unlocked the door and built a fire, used up some boxes and probably half a ton of coal before I got through. The minute Buckey found it out he called his janitor and had him throw water on the fire and put it out, and nailed and bolted the door from the inside and made his exit through the door into the street.

Mr. MILLER. When was that?

Mr. GADDIS. I should judge that must have been in the month of November.

Mr. MILLER. 1918?

Mr. GADDIS. 1918.

Mr. MILLER. How long did that condition exist?

Mr. GADDIS. That condition has existed all the time right along.

Mr. MILLER. You mean they kept the furnace room boarded up all winter?

Mr. GADDIS. He boarded it up, and then he would come out and climb through and build a little fire. I made a complaint. I told him I was going to. I wish to say that most of the tenants there are ladies, in the building. I was about the only man there. I told him if he didn't build a fire I would break the door down and build a fire myself. Finally I got him to build a little fire.

Mr. MILLER. When did that fire first make its appearance after that?

Mr. GADDIS. The next week he built a little fire, kept it moderately warm.

Mr. MILLER. Enough to keep the water from freezing?

Mr. GADDIS. I can't say it did. The water froze in my spigots, and I thawed them out myself. When the District commissioners passed a regulation requiring apartments to be kept heated to 70°, and there was no heat in the apartment, I went out and called in a policeman one Sunday to see the condition. The policeman saw it, and issued a warrant for this man Buckey. It passed on a few days, and he got his attorney to come and see me, and he said he would give exclusive control of the apartment to his agent and have nothing to do with it if I would dismiss that warrant and sign an agreement, and he asked me if I would do it. I told his attorney, Mr. Douglas, if he would put the exclusive control in the hands of his agents and let them employ the janitor and buy coal and keep the place heated, I would consent to the dismissal, which was done. That same day that we agreed to that the proceedings were dismissed, and the agents came in and notified all the tenants there would be a change and things would be made comfortable, and so on and so forth. It lasted about 48 hours.

Mr. MILLER. That was last December?

Mr. GADDIS. Yes, sir. I went to work and laid in a supply of oil and furnished my own heat.

Mr. MILLER. Will you read into the record this letter you received from C. W. Simpson Co. (Inc.), dated January 7, 1919?

Mr. GADDIS (reading) :

[C. W. Simpson Co. (Inc.), real estate and insurance, 734 Fifteenth Street NW.]

WASHINGTON, D. C., January 7, 1919.

Mr. EUGENE E. GADDIS,

1410 H Street NW., Washington, D. C.

DEAR SIR: Some time ago when there was a slight readjustment made of conditions at the Carleton you voluntarily expressed a willingness to pay an increased rental for your apartment, and we beg to suggest that you arrange to fulfill your obligation, commencing with the current month.

We are reminded of this by Capt. Buckey, who noticed in the last month's statement that your rental was the same.

Yours, truly;

C. W. SIMPSON CO. (INC.),
By MYERS.

Mr. MILLER. I notice he has referred to "Capt." Buckey. What was that?

Mr. GADDIS. Well, because he claimed to kill more Yankees during the Civil War than there were enrolled. Investigation has shown that the only military service he ever had was in holding Co. Mosby's horse while the colonel went to the pump to get a glass of water. Yet they call him "captain" all the time.

Mr. MILLER. Just state what you did in regard to this last letter.

Mr. GADDIS. In reply to that letter I told them that I did agree to pay the increased rent if they would give the control of the apartment to the agents; but Mr. Buckey had violated that, and things were just as they were before.

Mr. MILLER. In other words, you didn't agree to pay the increased rent?

Mr. GADDIS. I have not; but I am told that as soon as the Saulsbury law goes out my rent will be increased 100 per cent.

Mr. MILLER. In what way did they tell you that—verbally or in writing?

Mr. GADDIS. Verbally.

Mr. MILLER. Who told you that?

Mr. GADDIS. It was communicated to me by the agent.

Mr. MILLER. Name them right here.

Mr. GADDIS. Mr. Myers, of C. W. Simpson Co., and this man Buckey. I heard him tell it around the corridors up there. My wife heard it.

Mr. MILLER. You consider that as a threat rather than a good-natured suggestion, as you did the first notice?

Mr. GADDIS. There is no doubt about that. May I explain a little bit?

Mr. MILLER. Tell us something about the state of repair of the building.

Mr. GADDIS. There have been no repairs made to my apartment since I have been there. He has made no repairs for three years since I have been in there.

Mr. MILLER. Have you ever requested him, verbally or in writing, to make repairs?

Mr. GADDIS. I did not, because I knew it was no use. Should I go ahead now?

Chairman BALL. Go ahead.

GADDIS. As I said before, there are a good many ladies living in that apartment employed by the Government. I tried to get to come before the committee and they are all afraid; they are sized.

MILLER. Do you know whether any threats have been made by managers of any of these apartments against people who made complaint and who have been summoned by this committee or might be summoned by the committee?

GADDIS. No, Senator; I can't say that I have, except in a sort of jocular way I have been told what I am going to get for coming here.

WIRMAN BALL. Do you know what source that came from?

GADDIS. Yes, sir.

MILLER. From where?

GADDIS. That came from the agent, who is a good friend of mine. He told me that in a jocular way.

WIRMAN BALL. Not from the manager of the apartment?

GADDIS. Not from the owner, not from this man Buckey. When he comes he dodges. He don't say anything to me at all, Senator, I want to say another thing. When I went in that apartment I was given the choice of three apartments at \$20 a month. The apartment across the hall from me was rented to somebody else for \$20 a month. Then it was vacant a short time. Then an old lady, about 85 years old, at \$25 a month. She went out three or four weeks ago, and they rent it now for \$40 a month.

The lady on the top floor was paying \$20 a month. She has been there three or four years. She was employed by the Government. She couldn't stand it any longer. When she vacated, they rented it for \$35 a month. I have heard this man Buckey go up to that room and tell her, "Saulsbury law or no Saulsbury law, I will give you 24 hours to get out of the place or pay more rent." She taken the awnings and window screens from the windows and put them down in the cellar and locked them up, and when they asked her for them his reply is, "Pay more rent or get out." I asked that lady to come down here and testify, but she is afraid to come down here.

WIRMAN BALL. Is every apartment occupied in the house now?

GADDIS. Yes, sir.

WIRMAN BALL. How about the situation in 1915? Do you know whether they were all occupied then?

GADDIS. When I went there in 1916 my wife and I were boarders. We decided to go to housekeeping, and a friend of mine told me that, and I went there, and there were three apartments vacant, and I gave me my choice out of the three.

WIRMAN BALL. How many apartments are there?

GADDIS. Sixteen. I want to say just one more word, Senator. I have been in the real estate business for 20 years—real estate and construction business. I built about a hundred houses in this town. I know something about building and construction work. It was back in the nineteen hundreds. The rent of this apartment, on the rate of \$20 a month, in 1916, when I was paying \$20 a month, the rent then was \$20 a month, pay this man, pay his expenses, taxes, and everything, and pay him 12 to 15 per cent on his investment. When these real

estate men come before this committee and say they are not paying 5 per cent, it is because they have inflated values before you. That is what they have got. That particular apartment house, I know when it was built, and I know the contractor who built it. His contract price for building it was \$16,500. Allow \$4,000 for the ground and you have \$20,500. In my letters to Senators Sherman and Pomerene I stated the assessed value of the property was \$24,000. The rent on the basis of 1916, at the present time with the increased cost of coal—the only expense this man has there is the coal, which he doesn't burn—but at the present time, with the increased cost of coal it will pay him from 12 to 15 per cent on the value of his property.

Now, then, Senator, just one more thing. He has employed a janitor there at \$20 a month to take care of that apartment. He takes care of his own apartment, does his own washing and ironing and his own cooking, for \$20 a month. That is his expense for janitor service. Now, then, the rent of 1916, which is \$2.50 less than I am paying now, will pay him, allowing the present increased cost of coal from 12 to 15 per cent on the value of the property. Yet he increases all the rents from 60 to 70 per cent, and mine is going up 100 per cent if I don't get out; unless you folks come to my relief.

Chairman BALL. It pays about 30 per cent on the investment now.

Mr. GADDIS. On what he is getting now?

Chairman BALL. Yes.

Mr. GADDIS. Yes, sir. I say in my letter to Senator Pomerene the assessed value of this property is \$24,000. As near as I can figure expenses and interest, he is renting it for about \$5,000, more than one-fifth of the valuation of the property.

TESTIMONY OF R. E. MEHURIN.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your name and address.

Mr. MEHURIN. R. E. Mehurin; 2031 F Street.

Mr. MILLER. And the name of the apartment?

Mr. MEHURIN. The Truxton.

Mr. MILLER. How long have you lived there?

Mr. MEHURIN. About six years.

Mr. MILLER. What did you pay when you first became a tenant and how many rooms were there in your apartment?

Mr. MEHURIN. \$30.50 a month. There were four rooms, kitchenette, and bath.

Mr. MILLER. Unfurnished?

Mr. MEHURIN. Unfurnished.

Mr. MILLER. You paid that from about 1913?

Mr. MEHURIN. Yes, sir.

Mr. MILLER. Was the apartment filled up at that time?

Mr. MEHURIN. I believe the first floor front was empty. There were six apartments in the building.

Mr. MILLER. When did they become filled?

Mr. MEHURIN. They had some difficulty about renting the first floor front, on account of it being a dark apartment. It later became filled, but I don't know what date.

MILLER. When did you receive a demand for an increase in

MEKURIN. June 7?

MILLER. What year?

MEHURIN. 1919.

MILLER. You received a letter from whom?

MEHURIN. From a new owner, Miss M. J. Calvin.

MILLER. Mrs. Calvin?

MEHURIN. Miss Calvin.

MILLER. What is her address?

MEHURIN. 3325 Holmead Place.

MILLER. Washington, D. C.?

MEHURIN. Yes, sir.

MILLER. What did that demand say?

MEHURIN. It just gave a schedule of the new rents to take on July 1, I believe, although no mention is made in here.

MILLER. Will you read that into the record? There is a lettered by Mr. Mehurin June 7, 1919, from Miss Calvin.

MEHURIN. The rent has subsequently been increased.

MILLER. Just read that into the record, as Exhibit "A."

MEHURIN (reading):

EXHIBIT A.

JUNE 7, 1919.

following schedule of rentals for "the Truxton" has just been determined upon, and I am taking this first opportunity to place it in your hands:

	Per month.
Apartment:	
First floor -----	\$50.00
Second floor -----	57.50
Third floor -----	55.00
Apartment:	
First floor -----	47.50
Second floor -----	47.50
Third floor -----	45.00

It is your desire to retain the apartment now occupied by you under this schedule of rental, kindly indicate this fact to me at an early date, as no negotiations will be begun for the furnishing and equipment of the building as a club house, to be operated by the purchaser as provided for under existing tenancy laws governing in the case of purchasers, not employed by service, who desire property for their own use.

MARGARET JEAN CALVIN.

Chairman BALL. What do you pay now?

MEHURIN. \$30.50.

Chairman BALL. What is your proposed increase?

MEHURIN. To \$45. She subsequently raised it to \$47.50. We decided to meet the \$45 increase, but when we did so within the limit set by her she immediately went to \$47.50.

MILLER. Have you figures here that show what these apartments rented for previously?

MEHURIN. Yes, sir.

MILLER. Is that incorporated in this statement here?

MEHURIN. Yes, sir; the percentage of increase in the rent is not less than 53.3 per cent in any case, and the highest

(The above-mentioned notations, appearing in pencil on the statement mentioned, are as follows:)

	Former rental.	First offer from new owner.	Now wanted by new owner.	Per cent increase
Front apartment:				
First floor.....	\$35.00	\$50.00	\$60.00	
Second floor.....	37.50	57.50	57.50	
Third floor.....	35.50	55.00	55.00	
Rear apartment:				
First floor.....	32.50	47.50	50.00	
Second floor.....	32.50	47.50	55.00	
Third floor.....	30.50	45.00	47.50	
Total.....			325.00	
Average.....				

1 First offer accepted.

Chairman BALL. The highest is 70 per cent increase?

Mr. MEHURIN. Yes, sir. I have a copy of a letter we wrote to her offering to pay her 50 per cent increase in rent, which she turned down.

Mr. MILLER. The committee wouldn't want that in the record.

Chairman BALL. What is it?

Mr. MILLER. A letter he wrote back to them agreeing to pay 1 per cent increase in rent.

Chairman BALL. All her tenants?

Mr. MEHURIN. No, sir; only me.

Mr. MILLER. She didn't accept that?

Mr. MEHURIN. She didn't accept that.

Chairman BALL. I suggest that go in the evidence.

Mr. MILLER. We will put that in as Exhibit B.

Chairman BALL. A refusal of a 50 per cent increase shows that is not a demand to overcome a legitimate increase in expense.

(Said Exhibit B is here copied in the record in full as follows:)

(About 8/10/19.)

MY DEAR MISS CALVIN:

In reply to your letter of Aug. 2, will say that, as I verbally advised you when you were here a few days ago, I will lease this apartment from you a year from July 1, 1919, at a rental of forty-five dollars per month. This the amount you originally specified a few weeks ago and again specified telephone only a few days ago. This amount represents an increase of per cent, and I will not be able to offer you more. If you care to lease the apartment at these terms, I will be glad to close the matter up. Otherwise kindly be advised that I will occupy the apartment at the present rental thirty dollars per month as long as it will be legally possible to do so, and then vacate.

Very truly, yours,

ELLEN L. MEHURIN

TESTIMONY OF E. F. CAHOON.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please state your name, place of residence, and name of the apartment.

Mr. CAHOON. E. F. Cahoon; 1411 G SE.

Mr. MILLER. What is the name of the apartment?

Mr. CAHOON. It is a six-room house.

Mr. MILLER. How long since you rented it?

Mr. CAHOON. I have only been there about two months.

Mr. MILLER. From whom did you rent it?

Mr. CAHOON. F. H. Smith & Co.

Mr. MILLER. 1411 G Street SE.?

Mr. CAHOON. Yes, sir.

Mr. MILLER. What did you pay for it?

Mr. CAHOON. \$32.50.

Mr. MILLER. How many rooms?

Mr. CAHOON. Six.

Mr. MILLER. And bath?

Mr. CAHOON. And bath.

Mr. MILLER. Have you any knowledge as to what the former tenant paid for it?

Mr. CAHOON. The gentleman next door said the former tenant paid \$18 six months ago, and they agreed to increase it to \$20, and that is what they paid for it. The gentleman next door pays \$20 for his house.

Mr. MILLER. A twin house?

Mr. CAHOON. Twin house; the same house.

Mr. MILLER. It has been raised \$12.50 on the original rent of \$20?

Mr. CAHOON. Yes, sir; and no repairs to it, and it needs repairs.

Mr. MILLER. Have you made any request for repairs?

Mr. CAHOON. I haven't been there long enough. I had no more than got in before a gentleman came around—I went in on the 16th—and a gentleman came around on the 20th and said he had purchased the house on the 16th. I moved in there on the 16th. They didn't tell me anything about buying or selling it.

Mr. MILLER. How long did you sign a lease for?

Mr. CAHOON. I signed a monthly lease.

Mr. MILLER. Did they order you out?

Mr. CAHOON. I haven't got a notice to move yet. The reason I wrote the letter was to protect new tenants coming into a house. That is why I wanted to come before the committee.

Mr. MILLER. We have brought out the points we wanted from you, unless you have something else you wanted to add.

Mr. CAHOON. That was the only thing I was trying to get before the committee, to protect the new tenants. I pay \$32.50 for that house, and the gentleman next door pays for the same house \$20, and that is all it is worth.

TESTIMONY OF W. C. RYAN, JR.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your full name.

Mr. RYAN. W. C. Ryan, jr.

Mr. MILLER. You are the president of Federal Employees' Union No. 2, National Federation of Federal Employees?

Mr. RYAN. Yes, sir.

Mr. MILLER. You are appearing before the committee to-day in behalf of any specific case or employees in general?

Mr. RYAN. I came here with the idea of turning over to the committee half a dozen or more specific cases of the kind you have heard to-day. We collected them for that purpose.

Chairman BALL. Have you the quotations?

Mr. RYAN. We have the cases in detail, as much so as we can get them. We have brought you the ones with the most details.

Chairman BALL. I would suggest that you just file that with the committee and it will go in the record.

Mr. RYAN. That was my idea. There was one particular memorandum I thought might be brought to your attention—Miss Earle, of the Pension Office. The story is somewhat different from the others. She rented a Maryland Avenue apartment, five rooms, a little over two years ago for \$35. When she took the apartment she found that in the intervening time between the time she had rented it and the time she moved in, it had increased to \$37.50. A year later it became \$40, and they took away her lease on August 1, 1919, and informed her she could not have the apartment any longer, because they were going to divide this apartment into two apartments and get \$50 apiece for them. There were two ladies together, and they finally said they would have to take those themselves and pay \$35 apiece for them, \$70, and take some one into room with them. The landlord said if they took some one into room with them that would be \$80. In a few days he came back and said to the ladies, "We can't fix the two apartments after all, but we will let you stay here for \$60."

Chairman BALL. That was an increase from \$35 to \$60?

Mr. RYAN. Yes, sir; \$35 to \$60.

Chairman BALL. What is the average increase in the cases you have?

Mr. RYAN. It runs from 30 per cent up. I have a notice here, for example, a man paying \$25, and he is told it will be \$35.

Chairman BALL. We will just have those put in the record.

Mr. RYAN. There is another case that might be brought to your attention. Percy H. Russell Co. actually advertised—

Chairman BALL. It will all be brought to our attention when it is in the record.

Mr. RYAN. On August 15 the Percy H. Russell Co. actually advertised 16 apartments for sale at a certain price, giving the rental price at \$7,881, and said it could be doubled.

Chairman BALL. That will all go in the record, each case.

Mr. MILLER. Does the Senator want all these detail letters to go in?

Chairman BALL. I think it all ought to go in.

(The said letters referred to by the witness, and directed by Chairman Ball to be incorporated in the record, are as follows:)

[No. 1.]

FEDERAL EMPLOYEES' UNION NO. 2.

Washington, D. C., August 25, 1919

Senator L. HEISLER BALL,

United States Senate, Washington, D. C.

DEAR SENATOR BALL: I am sending herewith a number of letters and memoranda describing cases of rent profiteering, submitted by Government employees to the headquarters of Federal Employees' Union No. 2. These were gathered especially for your committee, and you are, of course, at liberty to make use of them you see fit.

With cordial appreciation of the assistance your committee has already rendered in this most important investigation, I am,

Sincerely, yours,

W. CARSON RYAN, JR.,
President

[No. 2.]

MEMORANDUM FOR SENATOR BALL'S COMMITTEE.

Note that in the attached advertisement (from the Star of Aug. 15, 1919) Percy H. Russell Co. assert that the rent now paid for 16 apartments in an apartment house they are trying to sell "could be doubled":

"For sale—Apartments. Best buy in Washington—modern apartment; in east section of Washington, containing 16 apartments; price, \$60,000; rent, \$7,881. Could be doubled. Only \$10,000 cash required. Percy H. Russell Co., Ninth and New York Avenue NW."

[No. 3.]

Miss Gertrude S. Earle, Pension Office, reports the following.

She and her sister occupy a second-floor five-room apartment at 614 Maryland Avenue. A little over two years ago (May, 1917) they went to look at it; the landlord wanted \$37.50. In May, 1918, the landlord raised the rent to \$40 and took away the lease. On August 1 this year the landlord informed the two ladies that he was going to take over their apartment, make two apartments of it, and charge \$35 a month for each. Thus forced, the tenants said they would take both apartments at the \$70 rate, paying \$75 if they took in a roomer. On August 22 the landlord informed the tenants that he was unable to alter and make the two apartments as planned, but would let them have the apartment or \$60.

[No. 4.]

FEDERAL EMPLOYEES' UNION, LOCAL NO. 2,

1423 New York Avenue, Washington, D. C.

GENTLEMEN: In the hope that the information may be of value to you in conducting your fight against the real estate agents of Washington in their effort to boost rents to outrageous figures, I am writing to describe the action which has been taken in my case.

I occupy apartment No. 33, the Pasadena, 2633 Adams Mill Road. This apartment building is neither strictly modern nor decidedly old-fashioned, being about 10 years old. My apartment is on the third floor, inside, and has three rooms and bath. It is perhaps the least desirable apartment in the house. The prewar rental was \$25. I leased it from September, 1917, at \$27.50 per month, the lease to run to October 1, 1918. In September, 1918, I took a new lease at \$30.50, an increase which was reasonable in my mind. The agents are Terrell & Little. Under date of August 13, they wrote saying that a new schedule of rents would take effect October 1, 1919, and that those who did not take a lease would be considered as tenants by the month. My wife found on inquiry that the new rental was \$40.50. This is an increase of about 60 per cent over the prewar rent, and to my mind no circumstances have arisen which justify such an increase.

Similar increases for the whole apartment are projected. I figure that at the new rates the monthly income from the building will be \$1,064, or \$13,108 per year. The prewar income was, to my best knowledge, \$7,884 per year. The value of this building is about \$75,000. The new rates accordingly promise a gross return of over 17 per cent, as opposed to 10 per cent before the war. As this building was generally well occupied before 1917 and the apartments are in some demand, it is reasonable to suppose that this income was satisfactory.

The investment value, \$75,000, was reached by comparison with other apartments. No sound economics figure a profit on appreciated value until earned. I believe the present owner did not pay over \$60,000 for this house, but I can not add any facts to support this contention. The valuation on which the above returns are calculated is very liberal.

No repairs of any kind have been made at the owner's expense for two years, except a little plastering in the front hall; screens, awnings, wall paper, doors, and paint are in wretched condition.

Respectfully,

E. R. CLARK.

[No. 5.]

WASHINGTON, D. C., August 20, 1919.

UNION HEADQUARTERS,

1423 New York Avenue NW., Washington, D. C.

GENTLEMEN: I hold a lease on a four-room-and-bath apartment in the Birmingham Apartment, 2611 Adams Mill Road NW. When we moved there, December, 1916, we paid \$35 per month. The following October (1917), when the building was sold to Dr. George H. P. Cole, we paid \$36.50 per month. A few repairs were made at this time.

In October, 1918, in order to secure a lease for a year, I voluntarily paid an increase, making my rent \$40 per month. Some repairs were made there also.

On April 13, 1919, the building burned and all the tenants were requested to vacate until repairs could be made. We had the distinct understanding with the agents that we were to return to the apartment; however, when I went to see them about it in July they informed me that they were no longer the agents for the building. I wrote the new agents asking them when my apartment would be ready for occupancy and was informed that my apartment had been rented. I learned that the new party renting the apartment was paying for it, but had not moved in yet.

1436 W STREET NORTHWEST,
Washington, D. C., August 18, 1919

DR. W. CARSON RYAN,

Bureau of Education, Washington, D. C.

I secured a lawyer, sued the owner, and am back in my apartment. Another tenant sued previous to me and was awarded her apartment by the court. The owner then gave me my apartment in preference to going to court again. I am paying the old rent of \$40 per month. My lease expires October 1, 1919, and under the Saulsbury law I shall stay on. What they will do after that becomes void—I do not know—demand \$60, I suppose. They are receiving rents at the same rate for the other apartments in the house, with the exception of four which are occupied by old tenants who sued for possession the same as I did.

I am an old Washingtonian and have been in the Government service for 25 years. Is this quite fair to me?

Very truly, yours,

HELEN B. ROY

APARTMENT 22, THE BIRMINGHAM,
2611 Adams Mill Road Northwest.

[No. 6.]

S. W. WOODWARD PROPERTIES,
Washington, D. C., August 18, 1919

MR. RICHARD B. HARLOW,

308, the Eckington, City.

DEAR SIR: Owing to the increased cost of materials and labor necessary for the upkeep of the building, the rent for the apartment now occupied by you beginning October 1, 1919, will be \$35 a month.

If you desire a lease for the apartment on these terms, kindly notify me, and I will oblige.

Very truly, yours,

B. W. PARKER

Present rent, \$25.

[No. 7.]

DEAR SIR: I am glad you told the committee of Congress investigating the H. C. of L. that the question of rents was one of the most serious problems for the Government employees.

Last year my landlord asked an increase of 10 per cent over what I have been paying him for some eight or nine years for one of the 24 apartments in the building located at the above number. Considering the increased

and of labor for only absolutely necessary repairs, I concluded the cost of 10 per cent was probably not unreasonable. So I, with a majority of tenants in the building, accepted leases on that basis last October, under the Saulsbury resolution we could have remained as monthly tenants at old rate, but in that case we were threatened with eviction as soon as the resolution should expire, no matter if it were midwinter.

Last month we were notified of another raise in rent, beginning October 1st of from 21 to 30 per cent over what we are now paying, making a total increase over last year's rates of from 33½ to 43 per cent, according to the number of rooms in the apartment to be leased.

Leases for next year at the new rates were sent to us on the first of this month to be signed at once and returned to the agent, otherwise our apartments would be leased to other parties, intimating that we would have to vacate the building at expiration of present contract. Of course, we know we can under the law remain as monthly tenants, but what will become of us when the Saulsbury law is no longer operative?

One of the leading real estate men of the city, Mr. Shreve, made a statement early in the week that the Saulsbury law is protecting tenants, etc., but from the foregoing it will be seen that said law is not keeping some landlords, in anticipation of its expiration, from making unreasonable demands, accompanied by threats of eviction if such demands are not complied with, and I most earnestly urge that you will urge upon the committees of Congress an early enactment of the Saulsbury resolution for nine months, or until such time as an equitable rent law for the District of Columbia shall have been enacted and put into operation, otherwise many of us will have a "fall-up-in-the-air" feeling you so often hear about.

The owner of this building, Mr. J. M. Swanson, was receiving an adequate return upon his investment, which goes without saying, as he had been satisfied for some seven or eight years, under the old law, what will he be making when those rates are increased anywhere from 33½ to 43 per cent? He is paying out no more for janitor service, and he is spending very much less for repairs. There used to be a janitor for this building only, now there is no resident janitor, the one that we have takes care of two buildings and does not attend to this one. We used to have a room or two in each apartment building and some painting each year or whenever needed; now nothing of that sort will be done, only repairs that are absolutely neces-

sary. The lawns on each side and in front of the building were kept in good condition; now they are not touched; in fact, for the last several years the agent has persistently refused to have anything done on the lawns, so there is no grass or anything green in front of building, nothing but sand; and the place is the most neglected and run-down of the six apartment buildings located on this square.

Very truly, yours,

ROBERT E. LOWE.

TESTIMONY OF J. R. MARKS.

The witness was duly sworn by Chairman Ball.)

MILLER. You live at 1409 G Southeast?

MARKS. Yes, sir.

MILLER. You live next to the gentleman who was just on the stand?

Mr. E. F. Cahoon?

MARKS. Yes, sir.

Mr. MILLER. What rent do you pay for your house?

Mr. MARKS. Twenty dollars.

Mr. MILLER. How long have you been living there?

Mr. MARKS. Five years this last June.

Mr. MILLER. How long is your lease for?

Mr. MARKS. It is a monthly lease; monthly agreement.

Mr. MILLER. Month to month?

Mr. MARKS. Yes, sir.

Mr. MILLER. Is the house identical with Mr. Cahoon's?

Mr. MARKS. The same house.

Mr. MILLER. Consisting of what?

Mr. MARKS. Six rooms and bath.

Mr. MILLER. Have you received any demands for an increase in rent?

Mr. MARKS. I don't know the exact date, but just before the Saulsbury law went into effect, I was only paying \$18, and I was raised to \$20.

Mr. MILLER. You agreed to it voluntarily?

Mr. MARKS. I signed the agreement for \$20; yes, sir; and the Saulsbury law went into effect just after that.

Mr. MILLER. There have been no further demands?

Mr. MARKS. No, sir.

Mr. MILLER. Have you received any intimation that there will be further demands?

Mr. MARKS. No, sir.

Mr. MILLER. Who owns the house, and who are the agents?

Mr. MARKS. I don't know who owns it, but the agent is Mr. F. H. Smith, 815 Fifteenth Street Northwest.

Mr. MILLER. F. H. Smith & Co., agent for these two houses that are identical, gets \$20 a month from you and \$32.50 from Mr. Cahoon?

Mr. MARKS. Yes, sir; and he pays the water rent, I understand.

Mr. MILLER. And you don't pay the water rent?

Mr. MARKS. No, sir.

TESTIMONY OF MRS. LEOPOLD SONTAG.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your name, your address, and the name of the apartment in which you live.

Mrs. SONTAG. My daughter has written to you, Miss Elsie Sontag, and she was not able to come.

Mr. MILLER. You are appearing in the place of her; we want your full name and address.

Mrs. SONTAG. Mrs. Leopold Sontag, 1514 Seventeenth Street, Carey Court, Apartment 114.

Mr. MILLER. How long have you lived there?

Mrs. SONTAG. Two years October 1.

Mr. MILLER. What did you pay when you first came?

Mrs. SONTAG. We were told the apartment was \$37.50, and when we signed the lease he charged me \$40. We took it because we couldn't find an apartment.

Mr. MILLER. What is the size of the apartment?

Mrs. SONTAG. Two rooms and bath, kitchenette.

Mr. MILLER. Unfurnished?

Mrs. SONTAG. Unfurnished. Last year, the 5th of October, Mr. Ruth came, and we didn't like to sign the lease; we thought \$40 was not enough. In fact, we couldn't afford it. My daughter is my sole support.

Mr. MILLER. Who are the agents and owners of the apartment?

Mrs. SONTAG. John Ruth had the apartment, but the Union Realty has it now.

Mr. MILLER. And on or about October 1, 1918, they asked you to raise the rent to \$42.50?

Mrs. SONTAG. Mr. Ruth told my daughter and myself it would be best for us to sign.

Mr. MILLER. How did you consider that statement, as a threat or suggestion?

Mrs. SONTAG. I really don't know; we thought it really might be the best thing for us to do, that he wouldn't raise the rent. I mentioned it to him. I said "You are not going to raise our rent?" He said, "No; we are not." In the meantime, they have consolidated it with the Union Realty Co., and I understand Mr. Ruth is not in it.

Mr. MILLER. Have you received any further demands in regard to increases in rent since last October?

Mrs. SONTAG. Yes, sir; the present manager, Mrs. White, told us my apartment would be \$60.

Mr. MILLER. In writing or verbally?

Mrs. SONTAG. Verbally.

Mr. MILLER. When was that?

Mrs. SONTAG. About a month ago.

Chairman BALL. You originally paid \$37.50?

Mrs. SONTAG. Yes; I paid \$40 when I got in. They raised it immediately. Then I paid \$42.50 last year.

Chairman BALL. Now, the notice is for \$60.

Mrs. SONTAG. Yes, sir.

Chairman BALL. From \$37.50 to \$60?

Mrs. SONTAG. From \$37.50 to \$60. I told Mrs. White, the manager—she belongs to our Eastern Star—I couldn't pay her any more, she said, "Well, that was the rent."

Chairman BALL. How many rooms have you?

Mrs. SONTAG. Two rooms and bath.

Chairman BALL. I mean, how many rooms are there in the apartment house?

Mrs. SONTAG. There are about 97 apartments, about 300 people in the building.

Chairman BALL. How long have you been there?

Mrs. SONTAG. Two years the 15th of September.

Chairman BALL. When you moved in there two years ago was all the apartment occupied?

Mrs. SONTAG. Mine was the very last.

Chairman BALL. There had been a number vacant before that, had it?

Mrs. SONTAG. I couldn't tell you; mine was the very last vacant one. I was supposed to have it for \$37.50, but instead of my paying \$37.50,

Mrs. White made me sign for \$40, because there was no other place to go. Now, I don't know where to go, and we can't pay \$60.

Chairman BALL. Is your daughter in the Government service?

Mrs. SONTAG. Yes; in the Treasury.

Senator SHEPPARD. What is her salary?

Mrs. SONTAG. \$1,300, and I have \$40 a month income. I can't pay \$60, and I don't know where to go. We can't get out and we can pay it. They have got us right there. They have a notice in the elevator that they are ready to sign the new leases. Of course, I am not going down, because I can't pay that, and I don't know what to do about it.

TESTIMONY OF JOSEPH H. WILSON.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your name, residence, and name of the apartment?

Mr. WILSON. Joseph H. Wilson; 1436 W Street NW.; the Mississippi.

Mr. MILLER. How long have you lived at the Mississippi?

Mr. WILSON. Five years.

Mr. MILLER. What rent did you pay when you first came there and how many rooms did you have?

Mr. WILSON. Four rooms and bath, and I paid \$30.

Mr. MILLER. How long did you pay \$30?

Mr. WILSON. Until last October.

Mr. MILLER. What did you pay after that time?

Mr. WILSON. They asked me for a 10 per cent increase—\$33.

Mr. MILLER. Was that verbal or in writing?

Mr. WILSON. In writing.

Mr. MILLER. Have you a copy of that there?

Mr. WILSON. No; that is another increase this October.

Chairman BALL. Did you pay the first increase?

Mr. WILSON. I paid the first increase. They had a very pitiful story about coal costing more, and so forth, and I paid that. Now they are coming on for a 23 per cent increase.

Mr. MILLER. You received a letter July 11, 1919, from Liebermann & Hawn, which we want you to read in the record.

Mr. WILSON. (Reading:)

WASHINGTON, D. C., July 11, 1919

Mr. JOSEPH H. WILSON,

31 The Mississippi Apartment, City.

DEAR SIR: We beg to advise you that beginning October 1, 1919, your rent will be \$40 per month on a yearly lease. Kindly let us know by August 1, 1919, if you care to sign a new yearly lease at the above increase.

If we do not hear from you on or before August 1, 1919, we will proceed to lease to a new tenant for one year from October 1, 1919.

The above increased rental is quoted only to our present tenants. If we procure new tenants, our rates will be higher. It is very important that you hear from you at once, as we have a very long waiting list.

Very truly, yours,

LIEBERMANN & HAWN

Mr. MILLER. That is the same character of letter that other witnesses have read into the record to-day from Liebermann & Hawn.

Mr. WILSON. On August 11 I received this:

If you want to retain your apartment for another year, please sign the inclosed lease in duplicate and return to us at once.

Senator SHEPPARD. What does that lease call for?

Mr. WILSON. Forty dollars. Of course, that is lower rent than some of the others testified to. It is a poor house. It looks like a poor tenement house. There is not a blade of grass in front and no janitor living in the house. We had a fire last fall which never would have gained the headway that it did had there been a janitor living in the house. The apartment was smoked up at the time and only the very worst damaged ones were repapered. There are places that I can show you where the paper is tacked up with tacks. As I said, there is not a blade of grass in the front, and the janitor is never around there to supervise the children, and children play around there and throw fruit skins and one thing or another around, and if it is not there in the morning when he comes there it will not be removed until the next morning.

Mr. MILLER. When you went to the Mississippi five years ago were the apartments filled?

Mr. WILSON. No, sir.

Mr. MILLER. When did they begin to fill up?

Mr. WILSON. About two years ago.

Mr. MILLER. About the outbreak of the war?

Mr. WILSON. Yes, sir.

Mr. MILLER. There has been no trouble in filling up since then?

Mr. WILSON. No, sir.

Mr. MILLER. How about the heat?

Mr. WILSON. It is all right; we always have good heat and hot water, but the front is a disgrace.

TESTIMONY OF MISS VERE ADAMS.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your name in full; your place of residence; and the name of the apartment.

Miss ADAMS. Miss Vere Adams, Rutland Courts.

Mr. MILLER. 1725 Fifteenth.

Miss ADAMS. Yes, sir.

Mr. MILLER. Do you want to state to the committee something of your own grievance, or do you want to call to their attention some other case?

Miss ADAMS. I have nothing to complain about myself with regard to the place where I am situated, because the Saulsbury law has kept them from increasing the rent, although they have asked for a 10 per cent increase, which, of course, they could not enforce. But I want to give a few instances of rent which I have knowledge of through inquiring at various large apartments. Because of the very high rent our family is living in two apartments, and has not been able to find anything within our reach, and we have been looking for perhaps six months and have seen many places which suited very well, except for the excessive rent. Although we could have paid that by economy, we didn't think it was just and right.

Mr. MILLER. You don't want to give any evidence about the Rutland Courts?

Miss ADAMS. No, sir; except I could say I have one friend there and that is all the information I could get without feeling that I was

prying. That friend is on the first floor, in a rather dark apartment, with no outlook, one room and kitchenette and bath, renting it furnished and paying \$65 rent. I have been in the apartment and have seen the furniture, and it is the very cheapest kind, only what is absolutely necessary to call it a furnished apartment. They are getting \$65 a month for that, and the rent for the apartment unfurnished is \$28.50. The furniture is paid for in two months or more. In order to live there this friend has to live with another lady, and, of course, there is no privacy; no individual life about it at all. That is all I can say about the place where I am. No; rent has not been raised on account of the Saulsbury law, but I would like to give some other instances.

At Seventeenth and Riggs Place, just across the street from where I am, they are renting one room and bath apartments for \$45, unfurnished. I know from the way the place looked when it was going up that the rooms are very small. A friend and I were looking about and found an apartment at Eighteenth and I NW., with three rooms and bath, no kitchen, unfurnished, on the sixth floor, for \$100 a month. We objected to the rent, and the landlady very graciously told us there was a shower in the apartment, seemingly thinking that would make up for the big rent and the other inconveniences.

I don't know the exact number, but in the 1900 block on N, about the same time this friend and I were looking for a room, thinking we might put up with such accommodation, we found two rooms, the second floor of an old house, in dirty condition, quite dark, kitchen accommodations, and they were asking \$60 a month for

The Monmouth, on G Street NW., between Eighteenth and Nineteenth, had five rooms, unfurnished, at \$100, and six rooms at \$110.

Mr. MILLER. Can you give the names of the agents or owners?

Miss ADAMS. I don't know the name of the owner of the Monmouth Hotel.

Mr. MILLER. When you do know them, will you put them in?

Miss ADAMS. I suppose it would be easy to find out. We did not think it was worth while to inquire any further. This building is very cheaply constructed. The floors in the upstairs apartments were warped and bulging to the extent of 6 inches so we would stumble over them. There was nothing attractive about it so far as the construction was concerned.

At Columbia and Quarry Roads there is a new apartment building built by Wardman. I called him up and found that the one-room apartments, unfurnished, were renting for \$40 and four rooms for \$100.

At Sixteenth and R the F. H. Smith Co. is building a new apartment and asking \$50 for single rooms and \$150 for four rooms.

At the Marne, at Thirteenth and Belmont, they wanted \$110 for five rooms unfurnished. It is very cheaply constructed and has a miserable entrance. There is nothing attractive about it and nothing to call for such a big price.

This advertisement appeared in the paper the other day:

We have on hand these beautiful apartments, 4 and 5 rooms, \$80 and yearly lease, six months' rent in advance. 441 Post.

Of course, very few people can afford to pay six months' rent in advance, and that excludes many people who need it from the apartment.

besides the apartments I speak of in Rutland Court, I have seen cases through reliable persons, where, in one case, two were asked for a single, good-sized furnished room, \$40 without board, making a total of \$80 for one room for two

to want to speak of the fact that in hunting for apartments and in the papers there is an average of seven or eight columns of ads. for sale and perhaps three or four small ads. of houses for sale. Of course, these houses for sale, a good many of them had not been on the market a long time because no one wanted them, and they are selling now at a high price.

I would like to speak of the fact that the apartments I have mentioned, a good many of them, are in bad repair on account of their condition during the war period, and they don't offer to have any repairs. They have the excuse that labor is short, and they are waiting for another, until after peace is signed and everything gets back on its feet. Of course, any one who is particular would not think of going into an apartment where the paper is soiled and everything is in bad condition.

I want to bring out the point that in the apartment at Sixteenth and M streets, which I have mentioned, where the rent was \$150 for four rooms, that is more than the rate of 150 per cent increase on a room. It used to be that people here thought \$10 a room was a very good rent for an apartment, at the rate of \$10 for each room. I have lived here all my life, and I know how things used to be. We have been renting apartments for about 12 years. When we took a five-room apartment 12 years ago we paid \$30 rent for the present time we can't find one for a hundred. To verify this I would like to speak of our own experience some years ago, when we had a large house and rented out rooms. We rented out the first, second and third floor of the house, a very nice house, kept in good condition; offered many conveniences to our tenants. We rented the first floor unfurnished. We got \$20 for the second floor, which was the choice floor of the house, and \$15 for the third floor. Both floors had three good-sized rooms, and the tenants had all the privacy of the house. I mention this to show the difference in disposition at the present time in the landlords.

I think that is about all the details I can give you. I have written two letters to the committee and different ones on the subject, but have gone into it a little further, but those are about all the details I can give you.

Chairman BALL. We appreciate your testimony.

Mr. ADAMS. I wish to say that I think the saddest thing about it is that so much that people have to pay more money and pay these increased rents but there seems to be no sense of honor on the part of the many men engaged in this business. We can't seem to appeal to them any more, to their sense of honor. If we object to the inflated price or intimate that it is too great they simply smile and say there is nothing wrong with their charging such prices.

TESTIMONY OF RICHARD HARTLEY.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. State your full name and the place where you are engaged in business.

Mr. HARTLEY. Richard Hartley, and I live in the Cumberland Apartment. My place of business is 1300 F Street.

Mr. MILLER. What is your business?

Mr. HARTLEY. Cigars and tobacco.

Mr. MILLER. At 1300 F Street you are proprietor of a cigar store

Mr. HARTLEY. Yes, sir.

Mr. MILLER. How long have you had your store there?

Mr. HARTLEY. About three years.

Mr. MILLER. What rent did you pay when you first went there

Mr. HARTLEY. \$171.

Mr. MILLER. \$171 a month?

Mr. HARTLEY. Yes, sir.

Mr. MILLER. What is the space of that store?

Mr. HARTLEY. I forget exactly; I think it is about 13 by 19 feet

Mr. MILLER. The reason I ask you that, here is a statement that you are only paying \$100 a month rent. You have never paid that rent at any time?

Mr. HARTLEY. Never.

Mr. MILLER. Have you had demand made on you for an increase in rent?

Mr. HARTLEY. Last year it was owned by different people. They asked me for a 10 per cent raise, which I agreed to.

Mr. MILLER. Then you paid how much?

Mr. HARTLEY. Since then that property has been sold, and the man that bought the property—

Chairman BALL. Just one minute. You paid the 10 per cent increase, amounting to \$187?

Mr. HARTLEY. \$188.10.

Chairman BALL. \$188.10 per month is what you paid after agreeing to that increase?

Mr. HARTLEY. Yes, sir.

Mr. MILLER. When did you get a further demand for an increase in rent?

Mr. HARTLEY. About a month ago.

Mr. MILLER. In writing or verbal?

Mr. HARTLEY. Nearly two months ago.

Mr. MILLER. In writing or verbal?

Mr. HARTLEY. Verbal.

Mr. MILLER. Who made that demand upon you?

Mr. HARTLEY. His agent; he brought his agent to me.

Mr. MILLER. Who is the agent?

Mr. HARTLEY. Shannon & Luchs. Mr. Luchs, of Shannon & Luchs

Mr. MILLER. Who was the owner?

Mr. HARTLEY. Walter Brownlee. He bought that property from the Willard estate.

Mr. MILLER. What did he ask you to pay?

Mr. HARTLEY. He asked me to pay \$450 a month rent.

Chairman BALL. More than 100 per cent increase?

Mr. HARTLEY. More than 150 per cent increase.

Chairman BALL. \$450, and you had been paying \$188?

Mr. HARTLEY. Yes, sir.

Mr. MILLER. It is about a 250 per cent increase?

Mr. HARTLEY. Yes, sir.

Chairman BALL. Did they threaten to put you out if you refused to pay it?

Mr. HARTLEY. He sent me a written notice to get out in 30 days.

Chairman BALL. Have you got that notice?

Mr. HARTLEY. I have it at the store. The time will be up the first of this month. He refused my rent last month. I tendered him a check. I sent it to him by the boy, and he sent it back. I took the check and went to the bank and got legal currency for it and took that over to him and he refused that, and I took it to his agent, and his agent informed me he was instructed not to receive any of Mr. Brownlee's rent.

Chairman BALL. You were going to be forced to get out in a few days?

Mr. HARTLEY. That is what it looks like.

Chairman BALL. Has he another tenant that you know of?

Mr. HARTLEY. Mr. Wineman, in the tailoring business right next to me, is in the same fix. He has to get out in 30 days. Mr. Cissel, gent's furnishing man, next door to me, has the same thing. He doesn't pay less than \$100, I believe. I don't know just what he was paying. The property is very old, not worth much more; no accommodations; small and poor place. The building is very old and dilapidated. It is not in condition to do a big first-class business like an up-to-date store would do. Of course, I spent a whole lot of money on it myself. I spent seven or eight or nine hundred dollars in the last year on it myself; the floor, the ceiling, the walls, and that big Thirteenth Street window, I had that all put in myself. It is one of the oldest buildings in Washington.

Chairman BALL. Do you know whether any people are to come after you when you go out?

Mr. HARTLEY. I don't know of any; he says he can use it himself. Nobody could pay that rent in any line of business, I don't care what it is. Of course, I have been in the wholesale and jobbing business for about 11 years here, and I know a lot of people. I took that store when it was dead and built up a big business. Danbaum & Co., that used to be there, had a big failure, and I lost a bunch of money in the wholesale business on those people. At that time the Willard estate was getting \$171 a month rent for the property, and not worth \$50. As a matter of fact, we were helping to pay the rent then. He wasn't taking in the rent. I know the sales there for many years, how much business they did, and I know they didn't take in the rent.

Chairman BALL. How soon do you have to move out?

Mr. HARTLEY. Well, I don't know; according to the notice, about the 1st of September. I have only a few days yet.

Chairman BALL. Are you going to move out?

Mr. HARTLEY. No; I am not. I can't get out on the street, and I can't pay them \$450. I tried to reason with him in some shape and form. I said, "Well, of course, this property is old and I have spent a lot of money on it trying to fix it up."

Chairman BALL. Did he spend any money in improvements?

Mr. HARTLEY. Not a 5-cent piece. He bought the property and hasn't spent a nickel, and he won't. I offered him \$6,000 a year rent if he would take out two partitions and a stairway out of the back and give me a little more room right behind me. That is where the Ironclad Roofing Co. is, Mr. Branson, and Mr. Koons. Branson

said he would just as soon get out as not. He said, "My business is all over the phone or on somebody's roof. I don't care. I have a big place out in the suburbs where I keep my supplies. I can go out there and put up an office somewhere." I told Brownlee that. I said, "Branson is willing to get out, if you will take these two partitions out and that stairway and fix it up so I can get by, and I will be willing to pay you \$6,000 a year rent for it, which is big rent." Right across the street from me Liggett is paying \$5,000 for three stories and basement, practically four floors, 150 feet deep, and a nice building. They pay \$5,000 a year and they have a lease with a renewal privilege of \$6,000 a year, \$1,000 a year raise.

TESTIMONY OF MRS. RENA SMITH.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your name in full, your place of residence, and the name of the apartment?

Mrs. SMITH. Mrs. Rena S. Smith, 2611 Adams Mill Road, apartment No. 1.

Mr. MILLER. Birmingham Apartments?

Mrs. SMITH. Birmingham Apartments.

Mr. MILLER. How long have you lived there?

Mrs. SMITH. I moved into the Birmingham Apartments October 27, 1914, apartment No. 4, three rooms and bath.

Mr. MILLER. How much rent did you pay?

Mrs. SMITH. \$25 a month, under a yearly lease. On May 1, 1914, I wished a larger apartment, and there was an apartment No. 1 with five rooms and bath that was vacant at that time at a rental of \$37.50. The same month Dr. George H. P. Cole bought the Birmingham Apartments and the next year was Higby & Richardson. I wanted the apartment and asked for it and was told it would be \$37.50 under the new owners. I took the apartment under a lease, stayed there at a rental of \$37.50 until October, 1918, last year. I was sent a letter asking me to come to the office of the then agents, Higby & Richardson. The letter was addressed to my husband, Samuel J. Smith. I was in the Government service in New York most of the time. I forwarded the letter to him, and he wrote to Higby & Richardson and asked them what they wanted, as he didn't know when he would be in Washington again.

They said any time he returned to come in and they would have talk with him. That went on for about a month. That letter was received. I dare say, in August or September, I can not tell you which. Then it went on until October, and I asked Mr. Higby one day if there was anything I could attend to, not knowing what he wanted. He said: "Yes, Mrs. Smith, there is." He said, "You have always paid the rent, signed all the checks, and I don't see why you can't attend to this." I asked him what he wanted. He said, "Well, you know, we can't raise the rent. Are you willing to give us a more rent?" He said, "We are requesting the people to voluntarily pay more rent." I said, "That depends entirely on what the increase is." I said, "Are you going to meet me?" He said, "Yes; in the past you have always met us halfway, and we will do the same with you. You will give us \$2.50, making the rent \$40, I will give you a lease for one year." I said, "I will give you a lease for one year."

Mr. MILLER. Did he give any reason why he wanted it?

Mrs. SMITH. He said coal was more and service was more. I said, "Mr. Higby, as far as coal being more is concerned, I agree with you you should have more money, but don't speak to me about service." On April 13, in the morning, we were burned out by a fire. My apartment was not injured in any way by fire, but all water. I could have stayed in the apartment at a great disadvantage, understand. I could have lived in two rooms, which would have been a very great disadvantage. But we were all verbally asked by Mr. Higby to vacate so the contractor could have the entire building to repair it. That meant getting out and putting my furniture in storage, and my husband, who had returned from the service that month, doing Department of Justice work in New York—and my husband, my child, and I lived from that time until the 29th of July in one room; the best we could do, taking all our meals out.

Six weeks after the fire the repairs had not started. I kept in touch with the building constantly. When they did start the repairs I went to see Mr. Higby. In the meantime, Mr. Higby told me that when I moved out, that my lease was under seal and was perfectly good, and I could go back into my apartment as soon as it was repaired. When I went to Mr. Higby and asked him when he thought I would be able to get in, he said he no longer handled the building. Dr. Cole had taken it from his hands. I learned from Dr. Cole that F. H. Smith & Co. had the building.

Mr. MILLER. Who is Dr. Cole?

Mrs. SMITH. George H. P. Cole, 1726 Park Road. I went to the Smith Co. and told them I was Mrs. Samuel J. Smith, of the Birmingham Apartments, and said I wanted to get my apartment back. He said, "You have no apartment there any more." I said, "Yes, I have. I have apartment No. 1, and I have a lease on it." He said, "The fire burned the lease." I said, "Is that so?" "What am I going to do?" He said, "You can have an apartment for \$75 a month with a lease for 14 months." I thanked him and told him it was utterly impossible to pay it. He asked me, "Why not take a small apartment?" He offered me an apartment which had several years ago rented for \$35, and last October rented for \$40, and he asked me \$60 for it.

Mr. MILLER. Do you know what he asked for your old apartment?

Mrs. SMITH. He asked me \$75 for it. That was the reason I said I couldn't take it. I knew all the time I had the lease, but just like anyone else I had to secure myself. I said, "Very well, I will put down a deposit on the apartment for \$60." He offered me apartment 22, which I knew a man had a lease on, the same as I did on my apartment. I knew I could never get it. I put my money on it, and I went to Higby & Richardson and they made me a receipt, the paper saying I had the refusal of the apartment. It was an option. I went back to Higby & Richardson, got a copy of my lease, and went to my attorney, Chapin Brown, and showed it to him. He took the matter up. I have the notice. He sued them in the District Supreme Court for possession of my apartment, which in the meanwhile they leased to Samuel C. Marks at a rental of \$75. He signed up an agreement for it. That was about the middle of July when I sued them, when the suit came up. We were given an injunction to return to my apartment at \$40 per month. That only lasts until the 1st of October. I don't think I will be asked for more money;

I will be put out. In the meantime Mrs. Roy, who had an apartment there also, brought a suit, and Samuel Dodd, who had apartment No. 3, also brought suit. All three of us moved in at the same old rent. We are all back, but when the Saulsbury resolution goes out we will not stay any longer.

Chairman BALL. Have any of you received a notice yet?

Mrs. SMITH. No, sir. My rent was paid to the court, and my attorney said it will be paid to F. H. Smith Co. in the future.

TESTIMONY OF MRS. CARL F. BOND.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your name and address and the name of the apartment.

Mrs. BOND. I hate to give my address, because I move around many times. I lived in the same apartment house with Mrs. Smith.

Mr. MILLER. Are you living at the Birmingham Apartment now?

Mrs. BOND. No, sir.

Mr. MILLER. We would like to have your name and address.

Mrs. BOND. My name is Mrs. Carl F. Bond; my address is 17 Thirtieth Street SE., in Randall Highlands.

Mr. MILLER. You wanted to tell us something about your experience?

Mrs. BOND. I wanted to tell how I have been treated since the fire.

Mr. MILLER. All right.

Mrs. BOND. On April 13 we had a fire in the Birmingham Apartment, about 6 o'clock in the morning, and we had to get out in our night clothes. We had no time to get anything at all. From that date we have never lived in our apartment. It was impossible to live in after the fire, but I could have left my furniture there. I went and saw the agent.

Mr. MILLER. Please state the name of the agent.

Mrs. BOND. Higby & Richardson. He told me—I told him that I understood before that that the apartment was to be sold to the gentlemen, I didn't know their names, two Jewish gentlemen came there and said it was ridiculous the way the apartments were rented. Mrs. Smith was living there in the same apartment house. The five-room apartments that were renting for \$37.50 they said would be \$75 and everyone would be raised. Of course, we were expecting something like that. Anyhow, I told Mr. Higby I wanted my apartment back, and asked him if it was necessary to remove my furniture, told him I couldn't get storage any place, and I wanted my apartment back. I understood the apartment was going to be raised, but I was willing to pay the rent.

Mr. MILLER. Please tell us what you did pay, and the size of the apartment?

Mr. BOND. I forget to tell you, I received a letter from Higby asking us to come down. He didn't say what it was. My husband went down there, and he asked us to agree ourselves to pay this increased rent. Of course, a good many people in the apartment wouldn't pay it. We didn't want to be the only ones that wouldn't pay it and we didn't want to be the only ones that would pay it. We were paying \$27.50 and I think he wanted \$32.50.

Mr. MILLER. What is the size of the apartment?

Mrs. BOND. Three rooms. Then I told him I would like to have my apartment back and that I understood they were going to be raised. I said, "We want the apartment back, but we don't want it if they raise the rent like that." He said, "Mrs. Bond, I will give you your apartment back." In the meantime, my husband, little girl 6 years old, and myself, lived in one room. After hunting over Washington and spending a week with friends, one night with a different friend, I finally secured a room with a friend that took pity on us. I understood the apartment would be ready for occupancy the 15th of July. We thought we could get along in one room and take our meals out. I understood that F. H. Smith Co. had the apartment. Higby & Richardson didn't have it any more. I went and saw them and told them I was Mrs. Bond and had occupied apartment 34 in the Birmingham and I would like to make a deposit to secure it. They told me they didn't know anything about it, but they would look it up, and they said, "Your apartment is rented." I said, "What does it rent for?" They said, "\$45." I said, "I know I had no lease but I understood that the Saulsbury law protected me. We were asked to move and they promised us we could get our apartment back." He said, "I don't know anything about that. You can't have the apartment, but there is one apartment you can have of five rooms for \$75." I said, "That is impossible; I want my own apartment back." He said, "There is one on the first floor the same as yours for \$45. The man has made a deposit on it, but I don't think he will keep it." I said, "Well, I want my own apartment back; if you want \$45 for it I will give it to you because I have got to have a place to live." Of course, he said I couldn't get it back. In the meantime, I went to see the same lawyer Mrs. Smith went to and he wasn't there. There was a young lawyer in there. They had their offices all together. He told me he didn't think I had any case because I didn't have any lease, that the only thing that would protect me would be the Saulsbury law. In the meantime, I went away. I forgot to say the house we had taken was sold and the people had to get out and we had to get out, and we had to take three poor unfurnished rooms a half mile from the street car, out on the hill in Randall Highlands. After I heard that some of the people had been put back in their apartments at the old rent I went to see Mr. Brown again and he told me he would be only too glad to fight it, but owing to the fact that people had moved into my apartment he didn't think I would be able to get it back. We were out of the city and I didn't know they had gotten back until I went to see Mrs. Smith and found these people had gotten into our apartment.

Mr. MILLER. What is the name of this man who told you he knew nothing about the Saulsbury resolution?

Mrs. BOND. That was the agent of F. H. Smith.

Mr. MILLER. Do you know his name?

Mrs. BOND. No; I don't.

Mr. MILLER. Somebody with F. H. Smith?

Mrs. BOND. I'll tell you what they did promise me. They said this man who put up the deposit of \$45, they didn't think he would come and take it. and they would let me know. They took my name and address, but I never heard from them. In the meantime I learned my

apartment 34 was rented to a man named Marks, and people in Mr Dodd's apartment—he had sued for his apartment and they put him in his apartment. If there is any chance of getting my apartment back I would like to have it. I have a little girl and she has to walk a mile to school this winter. We can't come in to town and pay the price in these apartments. I have lived here all my life, and it seems awful hard to be pushed out in the street like this all of a sudden. I want to correct the man's name. It was Mr. Williams who occupied the apartment instead of Mr. Marks.

TESTIMONY OF WILLIAM C. NIEFERT.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your name and residence.

Mr. NIEFERT. William C. Niefert; 328 C NE.

Mr. MILLER. Is that a house you rent there?

Mr. NIEFERT. I am rooming with the people who rent that house.

Mr. MILLER. Do you want to state to the committee your experience as a sublessee?

Mr. NIEFERT. I want to state the experience they have had with the landlord.

Mr. MILLER. All right, state it as briefly as possible.

Mr. NIEFERT. Mr. and Mrs. Williamson occupied the house, and they were notified in June by this landlord that they would have to pay an increase in rent. That was verbal. They wouldn't agree to do it. The rent fell due on the 16th of June and they sent the rent around by the little girl and the landlord refused it. Mr. Williamson being unemployed, I took it on myself to go around. I went around and asked him why he wouldn't take it. He said the rent was \$3.50 more than that. I told him no, that was not right. Then I asked him why he was increasing the rent. He wouldn't give me a definite answer. I told him the house wasn't worth the money they were paying for. I told him the roof was leaking and the plaster was falling down, and one thing or another, but he said he couldn't help that. I tried to persuade him not to insist on it on account of the man having a large family, and he finally consented to take \$13, and he gave me a receipt for \$16.50 and asked me if I would ask Mr. and Mrs. Williamson to show that to the different people in the row and say we had paid \$16 on the house when we hadn't. I say "we" because I have lived with them so long.

We wouldn't agree to do it. Mr. Williamson or Mrs. Williamson wouldn't agree to it. We have seen those receipts where people have been asked the same thing without paying the increase. Of course, they have paid it since then. On the 16th of October the rent fell due; on Monday morning at 7 o'clock we went to work, and at half past 9 Mrs. Williamson sent the little boy around to say we had been around to see about the rent and didn't want to wait any longer. He said she knew when the rent was due, and if she didn't have the rent they would serve a notice. At 2 o'clock the next day he came for possession of the house. I asked him that evening why he did it. He said, "You wouldn't pay the increase. Those who haven't paid it have either got to pay it or get out." He said, "What are you going to do?" I said, "I am not going to pay it."

Williamson is not, and I am not." I sent the attorney to take the case up. He agreed to accept the \$13 and pay all the costs of the suit. Since that time he has made the remark in my presence and in the presence of other witnesses that just as soon as the expiration of the present law we will have to get out. I wrote that letter to protect ourselves and other tenants. There are seven tenants there in the row who are widows and take care of their children. I don't think they ought to have to pay the increased rent, when the property is not worth it.

Chairman BALL. What was the increase?

Mr. NIEFERT. Three dollars and a half more on ours. What the others were I don't know.

Chairman BALL. What are they demanding now?

Mr. NIEFERT. They want three dollars and a half.

Chairman BALL. What was the increase last October?

Mr. NIEFERT. About a dollar and something. I don't know exactly. I know he demanded that increase, but I couldn't say when.

Chairman BALL. How many rooms have you in the house?

Mr. NIEFERT. Four rooms in that house—four that you could use—no bath, no back yard, no grass, or anything of the kind. I have the receipts here, if you care to see them.

Chairman BALL. I don't think it is necessary. That is all.

TESTIMONY OF MISS ROBERTA V. BRADSHAW.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your name in full, your place of residence, and the name of the apartment.

Miss BRADSHAW. Roberta V. Bradshaw, 2115 P Street.

Mr. MILLER. When did you first come to that apartment?

Miss BRADSHAW. December, 1917.

Mr. MILLER. What was the size of the apartment and what rent did you pay?

Miss BRADSHAW. One room and bath and kitchenette, and I paid \$30.

Mr. MILLER. Thirty dollars a month?

Miss BRADSHAW. Yes, sir.

Chairman BALL. How many in the room?

Miss BRADSHAW. Just one, myself.

Mr. MILLER. Was the apartment filled at that time?

Miss BRADSHAW. Yes; I think so. It was just filled. They were not finished. There was no light or heat or water when I went in.

Mr. MILLER. It was a new apartment?

Miss BRADSHAW. Yes.

Mr. MILLER. Did you have any demands made on you for an increase in rent?

Miss BRADSHAW. No. That is one of the Wardman houses, and it seems Mr. Wardman's houses are all built along the same line. Those apartments are very similar. When I took the apartment it was \$27.50. That type had never been any more. I went into that house when it was new; of course, nobody had ever rented it. When I went to Mr. Wardman's office, Mr. Burns told me it would be \$30, and I was very glad to get it, as I had no place to go. That went on at \$30 until along about July of last year. I have the paper here. This

was circulated. I want to make a correction. I thought my apartment was the smallest in the building. I didn't think one could be any smaller. But there is an apartment in there of just one room with no kitchen, and the rent was \$25. That is where I made the mistake.

Mr. MILLER. I would like to ask you a few questions. Has an demand for an increase of rent been made upon you since you signed the lease for \$30 a month?

Miss BRADSHAW. Yes; twice.

Mr. MILLER. State the date the requests were made and what they asked you?

Miss BRADSHAW. There is no date on this, but this goes into detail about some one paying 41 cents, and all that sort of thing. They had no right to ask it, but in a spirit of fairness they said they wanted to know if we wouldn't agree to it.

Mr. MILLER. Will you state to the committee about the time they asked for this increase, and what the increase was?

Miss BRADSHAW. As I recollect it, it was about this time last year.

Mr. MILLER. About August, 1918, they asked you for an increase of rent of how much?

Miss BRADSHAW. They asked for \$5.

Mr. MILLER. They asked you for \$35 a month?

Miss BRADSHAW. Yes; \$35 a month.

Mr. MILLER. Did you pay it?

Miss BRADSHAW. No; I told them I would give them half of it. In the meantime—my apartment is equipped with a telephone, and of course, that was in the rent, and they made a flat rate of 50 cents. It didn't mean very much, but they had no right to do it.

Mr. MILLER. Then you compromised at \$32.50?

Miss BRADSHAW. Yes, sir.

Mr. MILLER. After you made that compromise, did you receive another demand?

Miss BRADSHAW. Yes, sir.

Mr. MILLER. When was that?

Miss BRADSHAW. About a week ago I saw the manager, Mrs. McNey.

Mr. MILLER. Give her full name.

Miss BRADSHAW. Mabel E. McNey.

Mr. MILLER. What is her residence?

Miss BRADSHAW. She is at Pelham Courts. I don't remember the apartment number. She said on and after October 1 the apartment I had would be \$37.50. She asked me if I would take it. I said I didn't know whether I would or not. I said my understanding was that I made the last increase—well, she said the Saulsbury law would be expired by that time. I said, "Well, it won't, that we know about; but even if it is, you and I had an arrangement whereby it would not be increased." My apartment has been increased from \$27.50 up to what it is now, and I think that is more than it is worth.

Mr. MILLER. Who are the agents or owners?

Miss BRADSHAW. The Radnor trust estate. They wouldn't give me a copy of the lease. You have to take their word for it. They can't compel you to sign a lease, but that is all you get. You don't get anything further. I said, "What have I?" "Oh, you have

word." That is all. You get nothing further. There is no chance to discuss it at all. The apartment that was \$27.50 they are asking \$38.50 for now.

TESTIMONY OF W. B. LAMAR.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your name.

Mr. LAMAR. W. B. Lamar.

Mr. MILLER. I understand you want to make a statement to the committee?

Mr. LAMAR. I would like to make a statement, Mr. Chairman and gentlemen, not in behalf of the apartment landlord about whom these ladies have testified this afternoon, but it happens to be a different landlord, a woman landlord, and it happens to be store property, I am glad to say. If I knew anything in favor of the apartment landlord, I don't believe I would tell it, unless I wanted to be tortured—not right now.

Senator SHEPPARD. I want to state that Gen. Lamar is a former member of Congress and a former attorney general of Florida.

Mr. LAMAR. I had the pleasure about 32 or 33 years ago of being elected attorney general of Florida, and I was in the legislature and helped create the State railroad commission law, and became a very enthusiastic reformer to make the railroads obey the law. An old railroad lawyer, a very good friend of mine, said to me once, "You needn't be so alarmed about the condition of these farmers. After their stock is killed on our track, instead of being a \$10 steer it is an \$80 Jersey."

How much that has to do with landlords and tenants in Washington, I can't say; but I want to bring this case before you to show how difficult it is to operate under the law at the present time. The landlords would like to get what the railroads used to say—"what the traffic would bear," what the current business customer would pay, and the tenant would like to get the property as reasonably as he can. I have never been able, from my standpoint, to see the advisability of placing store property in Washington under the Saulsbury Act. My own experience as a landlord in Florida, and with Mrs. Lamar's property at Atlanta, is that there is very little difficulty among business men in transacting these matters. No sensible landlord will oppose a tenant who is at all reasonable. If the tenant is as good a tenant as he can get, and will show that he can't pay the rent, he might as well give him part of it instead of losing his tenant. That has been my rule all my life—with my property and Mrs. Lamar's property. I have had tenants show me they were not earning the rent, and I always cut the rent. So I don't think the landlords in Washington City, particularly with regard to commercial property, would try to get rent out of a tenant that was extortionate. It would be a crazy landlord that would do it.

The case I intend to bring before you will show you how the Saulsbury law operates unjustly. My wife purchased a little store in this town, at Fifteenth and F Streets, in November, 1917. That was when real estate had very considerably declined. It had sunk to the point where real estate values were very low. The property was bought under an order of court, and the court found that the price

was a fair price. I considered it an advantageous purchase, and was very anxious to make the purchase, just as I would buy stocks and bonds that I thought would come up.

There was a tenant in there at a certain rent, which was fixed about five years before that. I attempted to get the property through a real estate agent, and the negotiations began about March, 1917, and the sale was consummated about November, 1917. In the interim this tenant made several attempts to see me and to see Mr. Lamar to get us to fix a rent. He called with that view on Mr. Lamar. I said, "It would be silly to fix rent on a property I don't own. That is ridiculous. But when the time comes next May, or a reasonable time before that, Fisher & Co. and I for Mrs. Lamar or Mrs. Lamar, will fix what they consider a fair rent. That will be submitted to you. You will be given a refusal, like any other tenant. The rent will not be anything more than the ordinary fair commercial price of the building." The time came, and we fixed the rent, and that rent was submitted to the tenant. He said it would bankrupt him. That is what Fisher & Co. wrote me. I wrote back "If he can't pay the rent, from the standpoint that he is not able to make the money there, and any other responsible tenant will pay it, I can't see what claim he has on the building, and I should make the lease to the other party," which was done. Then he began a suit at once. He brought a most remarkable suit, to compel specific performance of an alleged oral agreement, that I promised him on behalf of Mrs. Lamar that he should have the property for another five years at the same rent that was made five years before, and that Mrs. Lamar had ratified the promise. I need not say I made no such agreement, and Mrs. Lamar says the subject was not even broached at the only interview she had with him. I am stating both sides; you will know how the case was pending.

Before this case could be heard, the Saulsbury law came into effect. This shows you how it operates. We have never received a dollar from that tenant, because I couldn't accept a dollar from him. How could I, when he had made the charge against me that he had? I couldn't receive it.

Under the Saulsbury law we can't sue him in ejectment, because what a friend of mine from New York calls the "learned colonial judge" turned us down. I am trying to get a hearing on the bill of equity for specific performance of the alleged oral agreement, so that we can if possible completely repudiate that and stand upon our rights. Suppose we are successful in that, and he falls back on the Saulsbury law. What are we to do? We have a tenant who is in and willing to pay the rent.

Senator DIAL. Does the Saulsbury law protect people who are employees of the Government?

Mr. LAMAR. Yes, sir; it protects all tenants.

Chairman BALL. Does it protect when they don't pay the rent?

Mr. LAMAR. We can't receive the rent.

Senator DIAL. You have no contract for rent?

Mr. LAMAR. No contract; no, sir. We have a lease from a man in Baltimore, a responsible man, who has been kept out of it since March, 1918.

Chairman BALL. There was some understanding as to the amount to be paid, was there not?

Mr. LAMAR. The man we have executed the lease, and he can't get possession. The man who has possession alleges we made an oral agreement which we absolutely deny, which is without foundation so far as Mrs. Lamar and myself are concerned, without foundation so far as Fisher & Co. are concerned; and without foundation so far as the American Surety & Trust Co. are concerned. We can't eject him on account of the Saulsbury Act. On account of the crowded condition of the calendar of the courts in Washington we can't get a hearing on a bill in equity. We hope to get a hearing in January. Suppose we win that case? Suppose this Congress continues the Saulsbury Act 90 days or 6 months, or 2 years? What will we do? We can't accept this money. If it were 40 years, I wouldn't take it.

Senator SHEPPARD. If there was no Saulsbury law, could you get possession?

Mr. LAMAR. Yes; I could get possession by ejectment, or I could get a hearing on that bill and stand on my rights, and if my rights were overturned we could eject him.

Senator DIAL. Your claim is that if you accept the rent you ratify his contention?

Mr. LAMAR. We would ratify his claim of alleged contract.

Senator DIAL. What is the condition of the calendar of the court?

Mr. LAMAR. Everybody knows that they are very crowded. I understand a bill has passed the Senate, or was introduced, or I think the Senator told me it had passed, creating two additional judges to take care of the crowded calendar.

Take the young man who testified a moment ago. We all admit that there are unconscionable rents, extortionate rents. They are in bad faith and against all conscience. I have met this young man before. I had talked with him about this. I was very much amused to see him here. We both smiled at each other. His case may be hard, it is true. When I talked with him I mentioned rents, and, of course, he flew up at once. He said Congress was going to help him get his rights. Of course, that may seem like an extortionate rent, but suppose two business men would say, "That is a fine corner on F Street. I would rather have it by \$200 a month than a store 10 feet on the other side." Why? Because of the location, where the people pass by. We have a little store in Atlanta, Ga., that some years ago rented for a very low price, and now commands a high rental because that is where the crowd goes.

Senator DIAL. Where is this piece of property of yours?

Mr. LAMAR. Fifteenth and F.

Mr. MILLER. You referred to a young man who testified here.

Mr. LAMAR. I referred to the young man at Thirteenth and F.

Mr. MILLER. You have no interest in that property?

Mr. LAMAR. None whatever. Suppose business men would come here and say they considered that worth the money. Suppose experienced tobacco and cigar men would say they considered that corner worth from \$450 to \$500. I don't say they would do it, but suppose they did do it. How could this committee of Congress stand in the way of the legitimate movement of the law of supply and demand for real estate, when you don't seek to control the price of Southern Pacific Railroad stock or Standard Oil. You fix the price of wheat

at \$2.26. When we had to eat it in Florida, and couldn't sell our cotton for 10 cents, we thought—I won't say that it was the sum of abomination, but we thought it was a hardship on us, at any rate.

We have property here in Washington, that is occupied by the Government, taken by the Government, and of course, I am not going to say anything against my Government, because I love it too well, but it is rented entirely too cheaply, and from an application for an increase I have never heard a word. It was \$600 below what the New York American was willing to pay for two floors. The rent was made by my agent without my knowledge and consent, although he did not intend to do me any injustice.

Chairman BALL. What percentage do you think a place should rent for, a place worth \$50,000.

Mr. LAMAR. Mr. Chairman, I have dealt a good deal with property of my own, and have dealt in managing estates, and I say that it is not altogether a fair basis to fix a rental value.

Chairman BALL. I know of places that have sold within a year for \$52,000 and that were renting for \$12,500. In other words, they can pay the taxes and all the expenses, and the rent will pay for the property in less than six years.

Mr. LAMAR. Now, take the other side of it. Suppose five business men would say it was worth that amount of money, that it ought to rent for that amount of money. The point I want to bring to your attention is this: Is not the control of commercial property in the city by Congress inadvisable? It is a different proposition from residence property. I am talking about general conditions.

Chairman BALL. I should say so. I should say store property different.

Mr. LAMAR. We have a tenant in Atlanta who goes out in ten years. He asked me to fix the rent. I have been absent from Atlanta two years, and I didn't know the conditions, but I have a general idea. I named it. He said he thought it was too high. I offered him \$1,000 a month. Two other responsible men have made bids on the property, one of \$13,500, another for \$16,500 where he will do the improving. There are responsible bids of three business men, one man in who will pay \$12,000, and two others who will pay from \$1,500 to \$4,500 more. I told him if there was a bid no higher than \$500 above his, I would take his bid, because he had been there for five years.

Senator SHEPPARD. The judge wants to call your attention to business property.

Mr. LAMAR. I agree with you on the other situation. I want to speak in behalf of the real estate property holder, store property. Nobody but a fool landlord would vacate a good tenant to ask for extortionate rent. I never did that in my life. When they showed me they were losing money I would trust them. I have cut them from \$14,500 to \$7,000, and from \$10,000 to \$6,000, rents made in boom times in 1911, and when they would show me they were losing money I would slash the rents, rather than to lose good tenants.

Senator DIAL. Just a little bit about your case. When he brought this suit for specific performance of contract, did he give bond?

Mr. LAMAR. No; there was no requirement. There is nothing he should go bankrupt to-morrow.

Senator DIAL. You can't collect the rents in the meantime, because if you do you will ratify what he claims is a verbal contract?

Mr. LAMAR. That is it exactly.

Senator DIAL. At the end of this litigation, what is your remedy?

Mr. LAMAR. We could collect it, if he was solvent, but suppose he is insolvent. I don't know whether he is solvent or not. He didn't know but what we could get him out, and to show you how smart he is, he went next door and got that property. He had a drug store on our property, and he got the property next door. When I came through last July I didn't go in. I was afraid I would meet him, and I might tell him my opinion of him, and I didn't want a policeman yanking me around to the station. I walked in to the next door and got a cigar, and I said, "This is a nice store you have here." "Yes," he said, "a very fine store." I said, "Who owns this store?" He gave the name of this man. I said, "I thought he owned the next store." He said, "Well, he does." I said, "With that fine store there, I should think he wouldn't want this store." He said, "Well, but you see there is a fellow has gone to profiteering on him, and he took this store." I said, "That must be a horrible fellow, profiteering on a fellow who is trying to save the lives of the people by selling them cheap drugs." So I got out. That is an intolerable situation.

I can't eject him because of the Saulsbury law. If I could get to a trial on the bill in equity and disprove his statement, I don't know even then what remedy we would have. I can't accept a dollar from him if he was there 20 years. How could I? I agree that this large influx of people into Washington has been an enormous temptation to people without a sense of fairness and equity to put on these high rents, but I do say that nobody but a fool landlord would turn out a good tenant for a little bit of money, because the next tenant may break in six months.

Senator DIAL. Wouldn't it help the situation a good deal if a great many of these people who came to help us win the war, now that we have won the war, would go home?

Mr. LAMAR. Senator, I have rented our house to one of those distinguished Senators, and I am going home. I thought I was getting a very substantial rent, but since I have been here I am about to ask the Senator to cancel the lease.

Senator DIAL. I didn't mean to run you out of town.

Mr. LAMAR. I wrote the President two years ago that I was going to Florida to farm and help production. He wrote me a very nice letter. I have been down there really reestablishing my health. I merely came here because I want to do something in the interests of the property holders here in Washington. I know there is a feeling here that every property holder is a grand rascal.

Chairman BALL. There are certain features of the Saulsbury law that are very unjust. Advantage is taken of some of those features. There are a good many soldiers that have come back from the war who rented their houses when they went into the Government service, and now they can't get their homes back. Women are in my office every morning appealing to me to do something. They can neither rent a house nor get possession of their own home.

Mr. LAMAR. I am very glad I am farming and have the distinguished representatives on both sides of this House to legislate for

me. My only object was to show to some extent in framing a new law the objectionable features of this law.

TESTIMONY OF J. W. COLLINS.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please state your full name and address.

Mr. COLLINS. J. W. Collins, 918 M. Street NW.

Mr. MILLER. And the name of the apartment?

Mr. COLLINS. Apartment 41.

Mr. MILLER. It has no name?

Mr. COLLINS. Royalton.

Mr. MILLER. How long have you lived there?

Mr. COLLINS. About four years.

Mr. MILLER. You went there in 1915?

Mr. COLLINS. Yes, sir.

Mr. MILLER. What rent did you pay then?

Mr. COLLINS. When I first went there I paid \$35.

Mr. MILLER. How many rooms did you have?

Mr. COLLINS. Three rooms and bath.

Mr. MILLER. When did you go into another apartment and have another increase of rent?

Mr. COLLINS. About a year after that.

Mr. MILLER. Give us the date.

Mr. COLLINS. I can't tell the date.

Mr. MILLER. About 1916?

Mr. COLLINS. Yes; we went into another apartment, a five-room apartment, and paid \$50 for it, unfurnished.

Mr. MILLER. When did you receive a further demand for an increase?

Mr. COLLINS. We haven't received a demand for an increase yet except this morning. Last night I understood that everyone in the apartment, with the exception of Mrs. Joyce, whose husband is major in the Army in France, and Mrs. Purcell and I, were notified of an increase.

Mr. MILLER. What have you to substantiate the claim that other people have received the demand?

Mr. COLLINS. Here is a letter.

Mr. MILLER. Joseph A. Hayden, 1410 G Street, is agent for Royalton Apartment?

Mr. COLLINS. Yes, sir.

Mr. MILLER. Proceed with your statement.

Mr. COLLINS. Last night I called up Mr. Hayden about half 10 and I told him, "I understand, Mr. Hayden, that everyone in the apartment with the exception of three have received notice of an increase in rent." I said, "What about us?" He says, "Are you satisfied?" I said, "Yes; at \$50." He said, "Well, we are not going to bother you, Collins. We are not going to increase your rent." I said, "Why is that, that you are not going to increase your rent when you increase the rest of them?" I said, "You are raising the rest of them \$20."

Mr. MILLER. Do we understand apartments similar to yours have raised \$20 a month?

Mr. COLLINS. Yes, sir.

Mr. MILLER. To \$70 a month?

Mr. COLLINS. Yes, sir.

Mr. MILLER. Proceed.

Mr. COLLINS. I said, "Suppose I come down to see you to-morrow regard to that?" He said, "All right, Collins." I went down and talked to him this morning. He got very angry and commenced talking the desk. He said he was going to get that money. I said, "You understand we offered to increase the rent \$10 last year and provided you would give us some service. You know the janitor is not fit to be around women."

Mr. MILLER. What did he mean when he said, "We are going to get that money?" I thought he said he wasn't asking you for an increase?

Mr. COLLINS. I am going to come to that in a minute if you will give me time.

Mr. MILLER. All right; go ahead.

Mr. COLLINS. I said, "Mr. Hayden, we offered you \$10 more a month last year if you would give us better service. You know the janitor is not fit to be around women." He said, "I agree that the janitor service is bad, but what were we going to do during the war?" I said, "You could have got a better janitor for \$10 less than that." He said, "What about sending people notices to come down, and then when you get them here you make them pay more rent?" He told me he hadn't charged anyone any more rent. I said, "I have got a contract with you now, and after you get people up in your office you demand that they pay more rent or get out of the apartment. How do you figure that out?" He said, "Well, we are going to do it." I said, "Now, Collins, we are going to charge you at least \$15." He said, "Why didn't you send me a notice?" He said, "Mrs. Joyce, I know her husband is in France, and we couldn't do anything with her, and we knew we couldn't do anything with you as long as the Saulsbury law is in effect, but just the minute we can get it we are going to get it."

Chairman BALL. That is all you care to state?

Mr. COLLINS. Yes, sir.

Chairman BALL. Anything more, Mr. Miller?

Mr. MILLER. Nothing from the witness.

Mr. COLLINS. Do you want these letters? He would send these letters around, and after the people came he would make them sign for more rent.

Mr. MILLER. We have similar letters already introduced by other witnesses from Mr. Hayden.

Chairman BALL. I think I will put them in evidence.

Mr. MILLER. They will go in as Exhibit A and B.

Chairman BALL. Exhibits A and B, respectively, are copied in the record in the following:

EXHIBIT A.

W. A. HADEN, REAL ESTATE, LOANS, AND INSURANCE, 1410 G STREET, NW.

Washington, D. C., July 5, 1919.

1415 M Street NW., City.

On the 25th of June you were advised that you could have a lease on an apartment for one year from the 1st of August, the lease to be signed before the 15th day of July.

This letter is to remind you that we have not heard from you in regard to this matter and we wish to call your attention again to the fact that tenants who have not signed on or before that time will not be given leases under any conditions whatsoever, and your failure to communicate with us will be taken as indication by us that you do not desire to stay and we will take steps to obtain possession as soon as it will be possible.

Respectfully,

JOSEPH A. HAYDEN.

EXHIBIT B.

JOSEPH A. HAYDEN,
REAL ESTATE, LOANS, AND INSURANCE,
1410 G Street NW., Washington, D. C., June 25, 1919.

MRS. PURSEL,
No. 918 M. Street NW., City.

DEAR MADAM: I beg to advise you that it will be necessary for you to call at this office and make arrangements for a new lease on your apartment for the coming year from the 15th of July.

If you fail to sign a lease before that time your apartment will be listed for rent for soon as possession can be had.

Respectfully,

JOSEPH A. HAYDEN.

TESTIMONY OF MRS. M. PURSEL.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Just make your statement to the committee.

Mrs. PURSEL. Do you want my name and address?

Mr. MILLER. Yes.

Mrs. PURSEL. Mrs. M. Purse, 918 M Street NW., apartment 2. I rented that apartment a year ago in October, and I had concluded my testimony was not very valuable until I heard this last gentleman speak. He referred to a good landlord appreciating a good tenant. I had been in the apartment six weeks when I had quite an experience. When we went there the water was running continuously. We could hardly sleep at night for it. In the bathroom, directly over the toilet, it was dripping through. I called Mr. Hayden's attention to it and he said he would fix it. Of course, I know a landlord has to have time to do things. It went along until the latter part of November, and it became so bad we could hardly use the toilet, and I called his attention to it again, and he kept promising to fix it. In the meantime I had only paid my rent twice. It was so offensive and we couldn't use it. I called his attention to it, and he said he would attend to it. It got so bad we were obliged to go to the negro quarters; could not use it. He wouldn't attend to it. He kept making excuses. He came in one day for the rent. I always sent it to him. That was the third of the month. He said, "I would like your check." I said, "Mr. Hayden, when are you going to fix that toilet?" He said, "I would like your check." I am a stranger here and didn't know anything about the laws. I said, "When you fix that toilet you won't have to ask for your rent." He said, "You never had to ask for it." He said, "You can't treat that way. I will sue you." He turned around and left.

That was the 3d of the month. He sent the janitor up and he couldn't do anything with it. I asked him to have Mr. Hayden come up, and he said he asked him and he wouldn't come up. On

evening of the 9th of the month we went to a banquet, and while we were gone he got a plumber and had that fixed. In the morning I saw it was all right and I mailed him a check, and he wouldn't take it. That was the 10th. About 12 o'clock I had a summons served on me to appear in court and show why I should not give up that apartment. I went down to the office to see him, and he told me I didn't tell the truth, and that the plumbing was fixed before that. He said, "If you are in such a bad condition why didn't you fix that yourself?" I said, "Mr. Hayden, would you have paid for it?" He wouldn't answer me. I went to court and asked the judge what to do about it. He said, "If you don't like the landlord get out; if you can't get along with your landlord get out." I said, "Judge, there is no place to go." He said, "Don't come whining around here."

Senator SHEPPARD. What judge is that?

Mrs. PURSEL. Do I have to tell? Judge Kimball. Of course I couldn't ask him his advice. I asked him in regard to the law. He said, "Don't come whining around here. If you feel like you have a case, let it come to court." I said, "I don't want to go to court." He said, "Then pay your fine or get out." I went to Mr. Hayden and offered him a check for the costs and he wouldn't take it. He said, "You will mail me a check including the costs." He wouldn't take the money. I said, "Couldn't you take the money and give me a receipt?" He said no, and he talked very abusive to me. I went home and gave him a separate check, and that closed that incident. Along in the spring he sent me a letter and asked me if I wouldn't pay \$5 a month more for the apartment, and I would get better service. The 20th of June I got another notice from him, asking me to come in about the 15th and sign a new lease, or I couldn't have the apartment under any circumstances. It wasn't signed. There was no signature. I didn't pay any attention to it. On the 5th of July I got another notice from him reminding me that I hadn't been in to attend to that. When I went in on the 13th he said, "Mrs. Pursel, you will sign a new lease and your apartment will be \$45." It was formerly \$37. I said, "Mr. Hayden, you can't charge me that now. My lease doesn't expire until the first of October." He said, "You have no lease." I said, "I understood that our leases would renew themselves automatically." He said, "The Saulsbury law has gone out of effect; it don't amount to anything. You will have to pay \$45 and sign a new lease." I feel that he has no right to raise the rent and pay two months rent in advance of what the lease should be.

TESTIMONY OF ALFRED DRESSER.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Your name is Alfred Dresser?

Mr. DRESSER. Yes, sir.

Mr. MILLER. Mr. Dresser, you wanted to present your ideas to the committee on some sort of Federal Employees Home Building matter. It is rather late. Will you state it as quickly as possible?

Mr. DRESSER. I have practically forgotten all about it, but I wrote to Senator Sherman about it some time ago.

Mr. MILLER. That is the reason you were summoned here. If you have forgotten about it and don't want to be heard, we will not insist on it.

Chairman BALL. If it is something foreign to the present matter, will it not be better to have it come along later, when we are ready to make a final report?

Mr. DRESSER. It is nothing in regard to profiteering in rents.

Chairman BALL. Then I think it would be better to come in a little later, before the committee. We will excuse you from testifying.

The committee will adjourn until two o'clock tomorrow. The assessors of the district, the Housing Administrator, and several prominent real estate men will be heard.

(Thereupon, at 5.30 o'clock p.m., the committee adjourned until 2 o'clock p.m., Wednesday, August 27, 1919.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

WEDNESDAY, AUGUST 27, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE
COMMITTEE OF THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball presiding. Present: Senators Ball (chairman), Capper, Elkins, Sheppard, Dial.

Present also: Mr. Thomas W. Miller.

Chairman BALL. The committee will come to order. Before calling any witnesses in continuation of the hearing, I desire to submit the affidavit of Thomas W. Buckey, 1413 G Street, Washington, D. C., dated August 27, 1919, and a letter addressed to this committee by Mr. Charles Linkins, attorney at law, Rooms 204-207 McGill Building, Washington, D. C., dated August 27, 1919.

The affidavit of Mr. Thomas W. Buckey, submitted by Chairman Ball, is as follows:)

WASHINGTON, D. C., August 27, 1919.

To the honorable Members,

of the Senate District Committee,

Washington, D. C.

SIR: I have read with some astonishment the very untrue testimony given before your honorable committee upon August 6, 1919, by one Eugene Gaddis regarding myself and the Carleton apartment. Every statement in evidence thereto made by the witness is absolutely false. I have at no time attempted to increase his rent any amount. To do so, would necessarily make him as a tenant.

His testimony in regard to the heat in the apartment house during the past winter is also false, for at all times the halls in said house showed over 70 degrees of heat, as witnesses, if called, will testify.

The time he speaks of as having made a fire was in the month of May, 1917, and all fires in all apartments had been drawn for the season.

I have made no threats to any one, his statement to the contrary notwithstanding.

The tenants are some workers and some Army officers, with the exception of one man who calls himself a real estate broker.

I do not own the Carleton apartment. My son, Col. Buckey, of the Regular Army, who has been in Europe in the war for the past two years and is still in the same.

My statement in regard to values and profits are alike false. Heat in my apartment during entire winter over 70 degrees.

I suppose I could sue him for his slanderous testimony but a judgment would be all I could get. I think I am entitled that this statement come before you honorable committee.

Very respectfully, yours,

THOMAS W. BUCKEY,
1413 G St.

DISTRICT OF COLUMBIA, *City of Washington*,

Subscribed and sworn to before me this 27th day of August, 1919.

[SEAL.]

CHARLES F. PACE,

Notary Public, United States Senate, Washington, D. C.

My commission expires March 27, 1921.

(The letter of Mr. Charles Linkins, referred to by Chairman Ball, is as follows:)

WASHINGTON, D. C., August 27, 1919.

To the subcommittee considering "rent profiteering legislation."

SIRS: On behalf of a number of my clients, for whom I collect rents of dwellings and apartments in the District of Columbia, I have to request that their position be considered and their interests protected by legislation which may affect reasonable increases of rents to offset increased costs of repairs and operating expenses.

I feel that I can lay this matter before your committee with all good grace for the policy of my office has, without exception, been to hold rents where there were prior to the beginning of the world war in 1914. In other words, while not criticizing the actions of others, this office is to-day getting the same rent for property under my control as it got in 1905, alone excepting business properties under long-term leases and which leases were not in any wise influenced by the war.

It had been my intention and the intention of the owners I represent, to not increase rents at all, feeling that upon a return to work by the men of the Army, prewar conditions would exist.

However, repair costs are much higher than they were a year ago, and prewar rental prices an owner can not receive a greater return than 2½ per cent on his investment.

Therefore I claim that the owner of property, who was patriotic enough to hold his rentals at prices which obtained 10 and more years ago, should be given much consideration in the preparation of legislation looking to fix rentals.

So far, I have read in the newspapers that most all of the legislation upon this subject will attempt to allow increases based upon the rentals charged at the time of the passage of such legislation; some newspapers stating the increase to be allowed will be 10 per cent.

Is such legislation fair to the owner who did not raise his rents? Suppose that before the war he had been getting \$20 for a dwelling and the owner of the property next door raised his rental during the war until now he was getting \$40 for a like house. Legislation which admits of a 10 per cent increase in present rentals would have the effect of giving the man who did not raise his rents a \$2 increase and the man who did raise his rents a \$4 increase. The very man who did his duty during the "emergency" will not receive the proper benefit and the so-called profiteer will be further benefited.

I therefore suggest that any legislation upon the subject grant a percentage increase based upon the rentals which obtained January 1, 1914; that is, prior to the commencement of the European War.

The increase could be made 25 per cent or 30 per cent to offset increased cost of operation, coal, and repairs, according to the increases in such items.

Such legislation will be fair to those who did not raise their rents and at the same time will, effectually stop any profiteering, for where greater increases have been made than the percentage allowed, they will stop at once. Such legislation should also obtain against subrenters, for my observation has been that a number of tenants are getting a greater rental for one or two rooms than they are paying for the entire house rented.

Where property was not rented on January 1, 1914, it would be an excellent matter to have an arbitration board, composed of a person chosen by the tenant, one chosen by the landlord, and a third chosen by the assessor of taxes, the latter to be paid a fixed fee by the tenant and landlord to set

proper rental. This arbitration board could also fix the rentals of rooms and have power to settle all rental disputes.

I therefore submit a careful consideration of the above facts by your committee.

Very respectfully,

CHAS. LINKINS.

Chairman BALL. The first witness called will be Mr. W. P. Richards, assessor of the District of Columbia.

TESTIMONY OF MR. WILLIAM P. RICHARDS.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you give your full name and address, and your official position in the District of Columbia?

Mr. RICHARDS. My name is William P. Richards; my residence is 1457 Harvard Street, and my office is in the District Building. I am assessor of the District of Columbia.

Mr. MILLER. You assess what classes of property?

Mr. RICHARDS. We assess real estate and personal properties.

Mr. MILLER. What are the duties of your position?

Mr. RICHARDS. I have charge of the general direction of the assessing of real and personal property, and have assisting me six assessors, three of whom assess real estate and three work on personal property. In addition to that, I have a force of about 50 field men and clerks, who gather data and prepare ledgers for the purpose of collecting the tax imposed on these classes of property.

Mr. MILLER. What information are you required to collect concerning property values?

Mr. RICHARDS. The law requires the assessors to view each piece of property and assess it from the best information that they may obtain. In doing this they have the assistance of several field men, who cover sales, rentals, offers of property, the sizes and conditions of them. The assistant assessors also help in the detail work in gathering this data.

Mr. MILLER. You have information, then, that will show the actual market value, the sales, or assessed value of all properties in the District of Columbia?

Mr. RICHARDS. Yes, sir.

Mr. MILLER. Therefore the committee can obtain from you information concerning all apartment houses in the city of Washington?

Mr. RICHARDS. It can.

Mr. MILLER. Will you explain to the committee the information you have there before you, that is, the various divisions of that chart and how they are arrived at?

Mr. RICHARDS. I have before me a tabulated statement of some 800 or 900 apartments in the District of Columbia. It is a statement showing their location by street number, the square and the lot, assessments of land and building, the cubic contents of the building, the factors that are placed upon the cubic contents in arriving at the values of the building, the gross rental per year and the total assessment of land and building, together with the full value arrived at in making up the assessment.

Mr. MILLER. You have there data that will show the committee the gross rental value of all these apartments per annum?

Mr. RICHARDS. I have. I will state, however, that these gross rentals were principally for the year 1916, followed up by such additional information as we obtained since then.

Mr. MILLER. How did you arrive at the figures under the heading of "Factor"? Explain that to the committee, please.

Mr. RICHARDS. The factor might be considered an arbitrary one, based on the judgment of the assessors, but is arrived at by taking the known cost of apartment houses of certain classes and comparing it with apartment houses of the same class; so we use the same factor in making out the ultimate value.

Mr. MILLER. Upon what basis do you determine market values?

Mr. RICHARDS. Market value as used by the assessor is the same as that given by the Supreme Court of the District of Columbia, namely, the normal or fair price in the ordinary trade.

Mr. MILLER. Can you read that law into your testimony at this point?

Mr. RICHARDS (reading):

The several parcels are appraised at their fair market value with reference to the most advantageous use to which they can be put by private persons or corporations; and by "market value" is meant what the properties would sell for in cash or on terms equivalent to cash when offered for sale by one who desires but is not required to sell to one who desires but is not obliged to buy.

Mr. MILLER. Have you a statement as to the assessed values in the District of Columbia?

Mr. RICHARDS. I have. I have four volumes showing the assessed values of all properties held by parties in the District of Columbia.

Mr. MILLER. Where is that information?

Mr. RICHARDS. I have it here by me in bound volumes.

Mr. MILLER. It can be used by the committee at your office any time?

Mr. RICHARDS. It can.

Mr. MILLER. Can you supply the committee with a statement showing advances in the market values of the properties since 1914?

Mr. RICHARDS. I can. I will say in a general way that since 1914 land values in the District of Columbia have advanced very slightly, mostly in the business section, and in a very small number of localities. This advance has been slight because of the rise in building material and the cost of construction. The advance in building values during the last five or six years has been at the rate of about \$9,000,000 a year, or an assessed value of about \$6,000,000 a year.

Mr. MILLER. What per cent would that be?

Mr. RICHARDS. That would be about 3 per cent on improvement values.

Senator DIAL. Per annum?

Mr. RICHARDS. Yes, sir; per annum.

Mr. MILLER. What was the cause of the increased market value?

Mr. RICHARDS. The increased market values are ordinarily due to growth in population and in general keep step with growth in population.

Mr. MILLER. Have you any idea as to what would be the future course of market values?

Mr. RICHARDS. I would judge that the future course would correspond with what has been in the past, namely, that when conditions become perfectly normal there should be a building rate

out \$10,000,000 or \$12,000,000 per year, and that building rate would under normal conditions reflect on the values of the land so that there would also be a certain percentage of increase in land values.

Mr. MILLER. What reason have you to believe, Mr. Richards, that our assessment values, and also the factors that you have determined, are correct?

Mr. RICHARDS. Our factors in certain classes of building have been derived at from the cost of construction as furnished to the office builders, very often being furnished under oath. Our sale values have been obtained in various ways, from under oath, from the owner, some from the buyer, and some from the agents. We try to check all of these amounts by obtaining them from two different sources so far as possible. After obtaining a great number of selling prices we have compared them from time to time with our assessment values, and out of 39 apartment houses that have been sold during the last four or five years, we find that the value fixed by the assessors was \$2,440,528, and the sales for the same time, 1916 to 1918, aggregated \$2,426,500. These apartments ranged in price from \$100,000 to \$200,000; so that in making this comparison in the aggregate leads me to believe that our values are near to correct.

Mr. MILLER. Then, Mr. Richards, your information that you have the official information of the District of Columbia, and you are going to sit with the committee for several days so that that information will be available from time to time as we need it?

Mr. RICHARDS. It will, and any additional information that you require from the office I will be glad to furnish.

Mr. MILLER. I have no further points to bring out right here, thank you.

Chairman BALL. I think that is all, then. I have already expressed to Mr. Richards the appreciation of the committee for his assistance in furnishing data, which, in my judgment, will be very valuable. It will enable the committee to have some basis on which we can estimate the proper rental, knowing the actual value of the properties.

Mr. RICHARDS. I will leave this list here, then, and will be glad to furnish any additional data that the committee may desire.

Chairman BALL. Col. Miller, whom do you desire to call next?

Mr. MILLER. Capt. Julius Peyser.

TESTIMONY OF MR. JULIUS I. PEYSER.

The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name, your residence, place of business and your profession.

Mr. PEYSER. Julius I. Peyser; I reside at 1833 Nineteenth Street; law office, 210 Wilkins Building, NW.

Mr. MILLER. Capt. Peyser, the committee has obtained certain data from the files of the Housing and Health Division of the War Department. We understand that you had charge of the work of that division during the war, and we want you to examine these data as they are handed to you and state what you know about the regular and individual cases dealt with therein.

Did the heads of departments here in Washington send out any letters that you know of designating you to have charge of this work?

Mr. PEYSER. Yes, sir.

Mr. MILLER. Is that one of those letters [handing witness a paper.]

Mr. PEYSER. Yes, sir; that is a form letter sent out by the Secretary of Agriculture.

Mr. MILLER. And the Secretaries of the other executive departments sent out other similar letters?

Mr. PEYSER. Yes, sir; and divisions and commissions.

Mr. MILLER. Will you read that into the record at this point?

Mr. PEYSER (reading:)

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, August 30, 1918.

MEMORANDUM NO. 251.—RENT PROFITEERING, EVICTION, AND DISPOSSESSION CASES
IN THE DISTRICT OF COLUMBIA.

All employees of this department in the District of Columbia who may be threatened with proceedings affecting the tenure of their residences, whether houses, apartments, or rooms, in the form of increase of rent or notice of intention to evict, are advised to communicate at once with Capt. Julius I. Peyser, Acting Chief of the Housing and Health Division, War Department, second floor, National Savings & Trust Building, Fifteenth Street and New York Avenue NW. (telephone Main 2570, branch 1923). Pending Capt. Peyser's advice they should make no concessions or admissions of any sort. If summoned to the municipal court, further notice should be given at once to the Housing and Health Division.

So far as practicable, the department, through the Office of Inspection and the Office of the Solicitor, will assist employees in the investigation of such cases as may be brought to its attention, with a view to cooperating as effectively as possible with the Housing and Health Division.

D. F. HOUSTON, *Secretary*.

Mr. MILLER. When were you first commissioned in the Army?

Mr. PEYSER. I was commissioned on the 25th day of February, 1918.

Mr. MILLER. When did you commence to work, either having it in your charge or working under another official in this matter?

Mr. PEYSER. I was a volunteer worker in December, 1917, also in January and February, 1918, I aided and assisted Maj. Potter.

Mr. MILLER. Give his full name, please, and the service he was in and so forth.

Mr. PEYSER. I can give his initials—Z. L. Potter, major, Ordnance Corps, detailed to the office of the Secretary of War and Chief of the Housing and Health Division.

Mr. MILLER. How long was this officer Chief of that Division?

Mr. PEYSER. Up to July 1, 1918.

Mr. MILLER. Then, you, as acting chief, had charge from then on.

Mr. PEYSER. Yes, sir. I was appointed chief I think somewhere around that time, or acting chief.

Mr. MILLER. In these papers which the committee has I note that there are some cases where real estate agents or people interested would come down upon the tenants and tell them that they had to buy the property or else they would make them move. Will you kindly outline these specific cases?

Mr. PEYSER. I might say this, Col. Miller, that an effort was made in the spring of 1918 to force tenants in possession to purchase the property in which they lived, and that matter was called to the attention of the chairman of the District Committee of the House of Representatives. The result of their investigation was what is known as the Saulsbury resolution of May 31, 1918.

The cases that I have before me are from the files in our office. I was chief of the division, and the first one which you hand me here pertains to the Cairo Apartment House.

Mr. MILLER. Right there: What is the address of the Cairo, the name of the owner and of the agent?

Mr. PEYSER. The Cairo Apartment House is located on Q Street between Sixteenth and Seventeenth Streets, and R. H. Muir is the manager. The owner, I believe, is T. F. Schneider. I am not sure whether it is owned by a corporation or by an individual.

Mr. MILLER. That is T. Franklin Schneider?

Mr. PEYSER. That is right. R. H. Muir is the manager.

This first case you hand me of the Cairo is a formal notice sent out by the management increasing rents 100 per cent.

Chairman BALL. What is the date of the notice?

Mr. PEYSER. This is dated October 1, 1918.

Mr. MILLER. To whom is it directed?

Mr. PEYSER. To Miss N. L. Dorsey. Her rent, from a notation made below, at that time was \$20 a month. This is a notice that it will be \$40 a month.

Mr. MILLER. That is the only notice that that party received in that form?

Mr. PEYSER. Yes, sir.

Mr. MILLER. Do you object to leaving this with the committee?

Mr. PEYSER. Not at all. It is not mine. It belongs to the War Department.

Mr. MILLER. We will put it in the record as Exhibit A.

(The notice referred to, dated Oct. 1, 1918, and marked "Exhibit A," is as follows:)

EXHIBIT A—PEYSER.

WASHINGTON, D. C., October 1, 1918.

Miss N. L. Dorsey, Room 1112, To The Cairo, Dr., R. H. Muir, manager.

Room rent for October in advance, \$40; telephone, 10 cents; total, \$40.20.

On the day that I received this bill, October 2, I offered to Mr. Muir my rent money in the sum \$20 previously paid, but he did not accept it.

Mr. PEYSER. The next case grows out of the same apartment house, where a young lady by the name of Miss Laura Kerlin was sued for possession in the municipal court for double rent, the rent being increased from \$17 a month to \$34 a month. The suit was tried in the municipal court, and the plaintiff, the Cairo Apartment House Co., lost the case. Then the case was appealed to the Supreme Court of the District of Columbia, and that court held that Miss Kerlin's case came within the meaning of the Saulsbury resolution, and which prevented the owner from doubling the rent.

Mr. MILLER. In other words, the Cairo Apartment endeavored to force this woman to pay double rent, in violation of the Saulsbury resolution?

Mr. PEYSER. Yes, sir.

Mr. MILLER. And you carried the case through for her to the highest courts of the District of Columbia, and won out?

Mr. PEYSER. That is, the Supreme Court of the District of Columbia; not the Court of Appeals, which is the highest court.

Chairman BALL. Does she still retain her apartment, if you know?

Mr. PEYSER. I can not answer that question. I have not followed this case. I did not follow cases up after April 18. I am under the impression that she is not there. I am sure that she is not there. This was a sort of test case for matters of that kind, and the tenants awaited the development of this case.

Chairman BALL. I asked that question because the evidence that we have had in the last two days was to the effect that those who had invoked the Saulsbury Act had been notified that they must vacate the premises the 1st of October, or their goods would be put out of the street.

Mr. PEYSER. Of course, legally, they could not obtain possession of the premises without her consent; so she must have consented.

Another case here is one involving the Cairo Apartment House. This was an apartment that was formerly occupied by the late Congressman, Mr. Gregg, of Texas, and he had no lease on the apartment. He turned possession over to a man by the name of Jones, who was a very important assistant to one of the Government bureau. I think the Chemical Warfare Board, and it was necessary for Mr. Jones to remain in Washington. When the possession of the apartment was turned over to Mr. Jones, the Apartment House Co. filed suit, and after a great deal of delay and effort, I think Mr. Jones succeeded in retaining possession. We investigated the matter thoroughly, and we found that it was necessary for Mr. Jones to be in Washington. He was an expert whose services were required in chemistry to aid and assist the chemical warfare division.

Those are the three cases you handed me, Col. Miller.

Mr. MILLER. Can you tell us about any cases where landlord threatened to make tenants buy the property?

Mr. PEYSER. I covered that matter in the beginning relative to the Saulsbury resolution. That brought into life the Saulsbury resolution of May 31, 1918.

Mr. MILLER. Are there some cases to show where they instituted suit in order to frighten the tenants?

Mr. PEYSER. I might say that the case of Gardiner & Dent against Hart was a case where the firm of Gardiner & Dent filed suit, claiming that the party was subletting the premises without the consent of the owner or landlord. It appears that this lady had rented or leased three apartments, and when the case was brought to trial the question was asked if they knew that she had leased those apartments for her own use, and they stated they knew she had leased them to her. Then the court dismissed the three cases. Of course, if she had been defended in the court judgment would have been obtained against her.

This other case that you hand me, Col. Miller, is a case involving Gardiner & Dent against Samuel W. Beach.

Mr. MILLER. Is that the case where they forced the tenant to sign knowing that the Saulsbury resolution was going into effect?

Mr. PEYSER. Yes; but I want to give you a short history if I can remember it.

Samuel W. Beach was on the U. S. S. *Carola IV*, in the United States Navy. They notified him on July 10, 1918, that his rental would be increased to \$45 on August 10.

Chairman BALL. What rent had he been paying before that?

Mr. PEYSER. Forty dollars. One month later, August 10, they notified him that his rent would be increased to \$50. This involves the Wentworth apartment house, 707 Twentieth Street.

On September 27, 1918, they sent out a notice stating that the War Department had contracted with the George Washington University to house the Student Army Training Corps in the apartment house, and they annexed the copy of the letter dated September 25, 1918, from Lieut. Edward F. Collins to Dr. William M. Collier, a copy of which was sent in for the purpose of showing the Government intended to lease this apartment.

Mr. MILLER. Just read that into the record, will you, please?

Mr. PEYSER. Yes, sir [reading]:

SEPTEMBER 25, 1918.

From: Lieut. Edward F. Collins.

To: Dr. William M. Collier.

Subject: Housing facilities for S. A. C. T. Unit, George Washington University, Washington, D. C.

I. Have inspected property at 707 Twentieth Street NW., and find said property meets with all the requirements necessary to housing members of the S. A. C. T. Unit, and advise your taking steps to obtain possession of it.

EDWARD F. COLLINS,

Second Lieutenant, United States Army, Infantry.

Mr. MILLER. Why was that letter written, and who was this Lieut. Collins?

Mr. PEYSER. I believe he was connected with the Student Officers' Training Corps. Then, on October 1—

Mr. MILLER. Pardon me one minute. What right did he have to write a letter like that?

Mr. PEYSER. Really, I can not answer that question. The papers are in my files. They were sent to me by Mr. Beach or Mr. Beach's family.

Mr. MILLER. Explain to the committee what use was made of this letter of Gardiner & Dent.

Mr. PEYSER. They sent this letter out:

WASHINGTON, D. C. September 27, 1918.

Mr. SAMUEL W. BEACH,

Apartment 4, The Wentworth, City.

DEAR SIR: The War Department has made a contract with George Washington University to house and feed the Student Army Training Corps, and premises 707 Twentieth Street having been inspected and approved by Lieut. Collins, United States Army, who is in charge of the corps, the university has obtained from the owner the offer of said premises from October 1, on which date the university is desirous of taking possession for the purpose mentioned. We regret that this arrangement will inconvenience you, but you will appreciate the necessity of the Student Army Training Corps, under War Department regulations, being housed in one building in which there are no other occupants, and your loyal cooperation is requested.

A copy of Lieut. Collins' report is attached.

Yours, very truly,

GARDINER & DENT (INC.)

A. S. GARDINER, President.

Mr. MILLER. The date of that letter was September 27, 1918?

Mr. PEYSER. Yes, sir.

Mr. MILLER. Is there anything further that you desire to bring out about it?

Mr. PEYSER. Yes, sir. On October 1, 1918, the owner or agent of the premises addressed a letter to Mrs. Beach stating that she was asking for an advance in the payment of rent. The letter was very long—

Mr. MILLER. Who was the owner?

Mr. PEYSER. Catherine D. McGraw.

Mr. MILLER. What was the name of the apartment?

Mr. PEYSER. 707 Twentieth Street NW.

Mr. MILLER. She presented this demand in view of this letter of the Army officer that you have read into the record?

Mr. PEYSER. Yes, sir; she asked for an advance of \$10 per month or 25 per cent of the rent from October 1, 1918.

Mr. MILLER. What was the outcome of that case?

Mr. PEYSER. I do not know.

Mr. MILLER. Is that all you want to bring out on that point?

Mr. PEYSER. That is all of my record in this case. I do not know the end of the case.

Mr. MILLER. Have you any cases where tenants were sued after the rent had been paid?

Mr. PEYSER. Yes, sir.

Mr. MILLER. And the excuse was given that there was a mistake?

Mr. PEYSER. I have a case, for instance, of Stone & Fairfax against E. A. Fowler, in the municipal court of the District of Columbia No. 164314.

Mr. MILLER. Just cite that case, please.

Mr. PEYSER. The case of Stone & Fairfax, a corporation in the District of Columbia, against E. A. Fowler, No. 164314.

Mr. MILLER. Give us the details in connection with it.

Mr. PEYSER. Our record shows that Mr. Fowler was employed by the Post Office Department and he had been sued after he had paid his rent promptly, and the case was dismissed because Stone & Fairfax stated it was a mistake. The suit had been filed. There are quite a great many cases—

Mr. MILLER. Are there any points that you want to bring out about the Stone & Fairfax case, Capt. Peyser?

Mr. PEYSER. We have a case of Stone & Fairfax against A. R. Raman. Miss Amelia Rakeman was a school teacher, and was paying Stone & Fairfax a rental of \$27 per month.

Mr. MILLER. On what apartment, and where?

Mr. PEYSER. On a little house on Chapin Street.

Mr. MILLER. Have you the address there?

Mr. PEYSER. Yes; 1470 Chapin Street. That was just about when the Saulsbury resolution was being considered and ready to be passed. They presented a lease to Miss Rakeman to sign and threatened to evict her if she did not sign. She signed under that pressure. Afterwards she was advised by the Housing and Health Division not to pay the increase, because we were under the impression that the Saulsbury resolution protected her, and the case was tried in court and we made a survey of all the houses on Chapin Street in that

and not one of them, outside of the two corner houses, paid any more than she was paying.

Chairman BALL. What increase did they ask her to pay?

Mr. PEYSER. \$250. She was a school-teacher and her pay was not very large and she could not afford to pay the increased rent.

Mr. MILLER. Did any evidence come out at the trial that they had singled her out because they thought she did not come under the Saulsbury resolution?

Mr. PEYSER. That was the inference, that she was not a Government employee. The case went to trial and the court held that she signed it under a misapprehension, and discharged the case. The firm took an appeal to the Supreme Court of the District of Columbia, and the appeal was dismissed for the want of prosecution.

Mr. MILLER. Have you a similar case there?

Mr. PEYSER. This is the case of Coblentz against Isaac Stern, No. 162320, in the municipal court of the District of Columbia.

Mr. MILLER. Where is Dr. Coblentz's apartment?

Mr. PEYSER. Apartment 5, third floor of the Coblentz Apartment House.

Mr. MILLER. On Florida Avenue?

Mr. PEYSER. Yes, sir. Mrs. Stern, who was in the Provost Marshal General's Office, was sued, claim being made that she sublet the apartment without the consent of the plaintiff, but he said he would forgive her if she would pay \$5 a month extra. The suit was brought for nonpayment of rent on the 8th day of July, 1918, notwithstanding the fact that she had paid her rent on July 2, 1918. She had paid it six days before suit was instituted.

Mr. MILLER. Have you many cases in which Dr. Coblentz figures in matters that you were handling?

Mr. PEYSER. We defended many cases in court, and we have received perhaps 5,000 to 10,000 complaints—I can not tell you how many—and we have on file over 3,200 complaints where the history of the case and written evidence has been obtained.

Mr. MILLER. Do you recall any other troubles that tenants have had with this Dr. Coblentz?

Mr. PEYSER. I remember—and this is from memory only—two other cases where he undertook to advance the rent. He treated them pretty badly. He caused them a lot of trouble, interfering with their coming and their going.

Mr. MILLER. Did he cut off their hot water or heat, or anything like that?

Mr. PEYSER. No, sir; I have no such complaint, sir.

Mr. MILLER. Have you any cases where the rent was increased and then the hot water and heat were cut off?

Mr. PEYSER. Here is the case of Peck against Anderson. In this case the hot water was cut off—

Mr. MILLER. Give the name of the apartment, the name of the owner, the name of the agent, and also that of the tenant.

Mr. PEYSER. The tenant is Mrs. A. P. Anderson, 300 Fourteenth Street SW., Washington, D. C. The owner or the agent, whatever she may be, apparently the landlord, was Margaret Peck.

Mr. MILLER. Give us the circumstances and the outcome of that case, please.

Mr. PEYSER. I think there were six tenants, and after they paid the rent the hot water was cut off. The tenants then refused to pay the rent for the following month. The case was taken to the court, and the court held that the plaintiff had to furnish hot water as long as hot water had been furnished at the beginning of the tenancy.

Mr. MILLER. Have you any cases there where tenants were given permission by agents to sublet and when they sublet their apartments had cases brought against them?

Mr. PEYSER. You have handed me another hot-water case. I thought perhaps you wanted me to mention that?

Mr. MILLER. Yes, sir.

Mr. PEYSER. Here is the case of Hubert Newsom against Harry Baker, municipal court No. 162936.

Mr. MILLER. Please give the name of the tenant, the apartment house, and the owner or manager.

Mr. PEYSER. The name of the tenant is Mr. or Mrs. Harry Baker, 1328 H Street NE. The husband was employed at that time in the navy yard. The agent's name is Hubert Newsom. I do not know the owner's name.

Senator DIAL. Is there a clause in all the leases that the tenant can not sublet without the consent of the landlord?

Mr. PEYSER. The majority of leases of apartment houses have clauses providing that you can not sublet or assign without the consent of the landlord, but the court has held in those cases in the District of Columbia that wherever knowledge has come to the attention of the owner, and he accepted rent after that time, he acquiesced or consented to the subletting or the assigning.

Senator DIAL. Was that done to protect the landlord as to the character of the tenant, or what is the object of it?

Mr. PEYSER. That is done to protect the character of the house, and so forth, to see who goes into the apartments or the houses, which I think is a very fair thing. I think the landlords are entitled to that.

Senator DIAL. I think that they are entitled to it in proper cases, yes. I did not know whether they used it to oppress a tenant—

Mr. PEYSER. Here is what happened: Prior to 1914 there were so many apartment houses that had apartments to rent, that a great many landlords encouraged women to rent these apartments, furnish them, and rent them as furnished apartments or furnished rooms. But as soon as the demand for those apartments came about they regretted their move and undertook to get possession of the apartments, notwithstanding the fact that two or three years prior thereto they had encouraged these people to rent out furnished apartments or rooms.

Senator DIAL. Take a Government employee, for instance. I you have got to rent the property for a term of six months or a year is not the Government employee under a great disadvantage in making a lease, if he is not allowed to sublet it? Their tenure in office is at the pleasure of the Government, I take it?

Mr. PEYSER. Yes.

Senator DIAL. I happen to know of a case where they would not allow the tenants to sublease to people of the highest standing.

Mr. PEYSER. I do not believe many of the real estate offices are permitting tenants to sublet.

Here is one thought, Senator, that might be called to your attention, and that is the fact that a lot of profiteering has gone on and taken place by reason of the position that the tenant is in. John Smith has an apartment, and he rents it to A for \$40. A furnishes the apartment and obtains from B \$300 for it. A is the profiteer, and not the landlord or the real estate agent.

Senator DIAL. I did not mean to take up time. There is one other point I want to ask you about. Assuming that a tenant had to leave the city; if the landlord arbitrarily would not allow the tenant to sublet what would the landlord do with the premises? Would the tenant have to continue to pay the rent?

Mr. PEYSER. He would be held legally liable.

Senator DIAL. I know; a contract is a contract, of course.

Mr. PEYSER. He can move out if he has rented it, and paid for that month. They can not issue any distress. You see, a great many of the agents have restricted the tenants from subleasing.

Mr. MILLER. Captain, will you cite the case of Gardiner & Dent, who brought suit after they had given permission to sublet?

Mr. PEYSER. Gardiner & Dent v. Hart. The case of Rust against Brennon.

Mr. MILLER. Give both those cases, briefly, and be sure to give the full names of the people interested on both sides, and the names and addresses of the apartments.

Mr. PEYSER. The Hart case is known as Gardiner & Dent against Lucile Hart, No. 165,265, in the municipal court of the District of Columbia. A judgment was rendered for the defendant. There are two other cases tried at the same time, involving the same parties.

The title of the Brennon case is H. L. Rust against Brennon, and it was a case of the same nature. Suit was brought after they had permitted Mrs. Brennon to sublet.

Mr. MILLER. Was that permission given verbally, or in writing?

Mr. PEYSER. I believe it was given verbally, and the tenants had been in possession over five years, and last year they undertook to oust her.

Mr. MILLER. Have you given the name of the apartment and also the outcome of the case?

Mr. PEYSER. The Hart case was the Moulten Apartment, and the outcome, as in the other case, was a judgment for the defendant.

There are three cases where Rust filed suit against three separate tenants, claiming that the landlord wanted all three apartments for his own use. The court held that the landlord was only entitled to one of them, and permitted the other two tenants to remain in possession. I will give you the name. One is Harry L. Rust against C. S. Babb, No. 165,056, municipal court of the District of Columbia.

Mr. MILLER. What was the outcome of that case?

Mr. PEYSER. One apartment was taken over, and two of the tenants were permitted to remain in possession.

Mr. MILLER. Are those all the cases you have of subletting?

Mr. PEYSER. Here is another case against Senator Moses, United States Senator from New Hampshire.

Mr. MILLER. Give the name of the apartment and the address.

Mr. PEYSER. S. L. Frisco, plaintiff, against George H. Moses, in the municipal court of the District of Columbia, Law No. 164424.

Mr. MILLER. What is the name of the apartment?

Mr. PEYSER. It has a number—1901 Nineteenth Street, Apartment 40.

Mr. MILLER. What are the circumstances, briefly, of that case?

Mr. PEYSER. Senator Moses went up to New Hampshire, his home, and turned possession of his apartment over for a short time with the consent of plaintiff to Commander Fuller of the Navy. When he got back he was sued for possession and judgment was rendered in favor of the Senator, the defendant. The consent of the plaintiff was given. Senator Moses testified to that and it was not denied at all. He pointed out the agent in the office who gave him the consent.

Mr. MILLER. What was their object in trying that case?

Mr. PEYSER. There was such a big demand for apartments. I do not know just what the object was, except the big demand.

Mr. MILLER. There are some cases of tenants who were in the Army and Navy and who were sued and whom you defended, are there not?

Mr. PEYSER. Here is the case of Mrs. Gould, a widow, the mother of three boys in the military service. She was sued for possession of a house and she was forced to give up the house because the owner wanted to live in it himself. She obtained quarters at the Portner Apartment House. She obtained an apartment formerly occupied by a man by the name of Carnahan, and one day she learned to her great dismay that her furniture and all her wearing apparel and all her ornaments were thrown into the street, because Carnahan, the first tenant, went into the Municipal Court and confessed judgment to the Capital Construction Co., the owner of the Portner Apartment. The case was reopened—and that is one of the cases in which the court held that a tenant could confess judgment to wipe out the rights of the subtenant. In this case this woman had to go and make her home with a neighbor.

Mr. MILLER. In other words, a woman who had three sons in the service, fighting, had her furniture and personal belongings thrown out into the street?

Mr. PEYSER. Yes, sir.

Mr. MILLER. You took the case and defended her and won out?

Mr. PEYSER. We got a new trial, but we did not win out. The Court said she had no right. But the pitiful condition in this case—it was a little different from a great many cases—was that there was a woman, a widow, alone, without anybody to give her any advice at all, and with three boys in the military service helping to defend this country, and yet she was willfully and maliciously—I say maliciously—thrown out of her apartment through a legal technicality. I do not hesitate to say it, and I said it to the court—“While the legal remedy was not complete enough to protect this woman, there ought to be some morality and justice in the world will say to the mother of these boys, ‘you have the right to live.’” The right of human liberty I think is superior to the right of property, more especially during war times. I tried to help on the theory of morals, and I got as far as I could. Mrs. Gould’s daughter had to go to one place and she to another. She went back to Providence. Her daughter was employed in one of the departments.

Mr. MILLER. This was one of many pitiful cases that came before you, showing the attitude of some of the landlords.

Mr. PEYSER. If any person would have entered my office from 9 o'clock in the morning to 9 o'clock at night they would see a line of women with stars on their arms showing that they had given their boys to the country and to God, and, would have been shocked at the tales repeated.

I do not want to make the statement that all men engaged in the real-estate business are crooks or profiteers. There are many real-estate men who aided and assisted our division in equalizing affairs. But there were many pitiful cases—hundreds and hundreds of them. During the days when the "flu" epidemic was at its crest, the court house was packed and jammed so that there was not breathing space for man, woman, and child, because of the people who were willing to sacrifice anything to throw out men and women who were employed in the Government. Large amounts for rent could not be paid. They knew that they could not defend themselves the way they ought to, because of lack of financial ability; and the courthouse was crowded. I asked the court to adjourn for two weeks, so that the epidemic would not spread to the court room, because it was so crowded. I have lived in Washington all my life and I have practiced law in Washington for 21 or 22 years, and I do not believe that I have ever seen a sight like the sight at the municipal court in the days of the "flu" epidemic in the city of Washington.

Senator SHEPPARD. Most of those people were there bent on dispossessing somebody?

Mr. PEYSER. Oh, yes. I am speaking of the landlord and tenant cases. The court is divided into two branches, debt and damages in one, with one judge or three judges. As a rule, under normal conditions, only one judge presides over landlord and tenant cases, and he finishes his work before 11 o'clock every morning. In September, October, and November last year three judges had to hear the landlord and tenant cases, and they sat often until 5 o'clock. It was a constant grind. My division had about nine lawyers in court defending these cases. We defended only cases of Government workers. It was an exception to the rule if we took any other cases. These were men and women who had come from other places to work for the Government, and they met with this serious problem.

Mr. MILLER. Have you any cases where you withdrew from a case because you found tenants were taking advantage of the landlord?

Mr. PEYSER. Yes, sir; in the case of Ramey against Love.

Mr. MILLER. Please give the full names of the parties, the name of the apartment, and everything in connection therewith.

Mr. PEYSER. These papers are in the Inspector General's Office of the United States. Charges were filed against me by the tenant, John T. Love. It appears that Love asked for a—

Mr. MILLER. Pardon me. Where did Love live?

Mr. PEYSER. I have not the papers with me. The papers are in the file of the Inspector General's office, with the original files.

Mr. MILLER. Proceed.

Mr. PEYSER. The house in which Love was living was owned by a real estate man by the name of E. E. Ramey. He and Mr. Love came into the office and arranged a compromise by which the tenant

would vacate the premises at a certain date. He was sued, and in court I asked the court's permission to withdraw, and also stated the reason. He had waived all his rights and had consented to vacate, and he did not do what he had promised to do, and I withdrew from the case, because I did not want anyone to feel that our division was aiding one class against the other. We were trying to adjust all the difficulties between landlord and tenant without appearing to be partisan.

Mr. MILLER. In other words, this tenant did not think you had represented him properly, but when the "show-down" came they supported you?

Mr. PEYSER. Yes, sir.

Mr. MILLER. Have you any other cases in which your division withdrew their action?

Mr. PEYSER. There was not a day that passed that we did not withdraw and advise parties to get their own private counsel, because we did not think they were fair to the landlord.

Mr. MILLER. Will you proceed with the other cases I have picked out there [indicating] and give the committee briefly the circumstances?

Mr. PEYSER. This is the case of Gen. George W. Goethals, who was living at 1957 Biltmore Street NW. The landlord was Mrs. Thomas A. Dobyns, who undertook to raise his rent from \$200 to \$300 a month.

Mr. MILLER. What happened in that case?

Mr. PEYSER. On my advice Gen. Goethals remained in possession, upon the Saulsbury resolution.

Mr. MILLER. In other words, the owner was trying to get around the Saulsbury resolution and to force Maj. Gen. Goethals to pay an increased rent?

Mr. PEYSER. Yes, sir. Here is the case of Mrs. Fortescue——

Mr. MILLER. Please give the full name and the apartments.

Mr. PEYSER. Apartment 20, No. 1627 Sixteenth Street NW. We were informed that Mrs. Fortescue rented this apartment for \$65, unfurnished, and did not occupy it, and Maj. Bunsted was compelled to pay \$300, furnished, for this apartment.

Mr. MILLER. Where is that apartment?

Mr. PEYSER. 1627 Sixteenth Street NW., apartment 20.

Mr. MILLER. What is Mrs. Fortescue's full name?

Mr. PEYSER. Her initials are E. R. She is the wife of Maj. Granville Fortescue.

Mr. MILLER. Proceed with the next case, please.

Mr. PEYSER. The firm of Slye & Watson, who undertook to raise the rents of all their tenants in one apartment. That is all in these cases. There was an attempt to raise, last October, the rents of the people in that apartment.

Mr. MILLER. What is the next case?

Mr. PEYSER. The Washington Loan & Trust Co. undertook to obtain possession, claiming that the party subletted the premises the same as in other cases, without the consent of the landlord, and the case was settled and the party allowed to remain there. I will give you a memorandum——

Mr. MILLER. Are there any more of these apartment cases that have been selected? Is it necessary to bring them out, or have you covered all similar cases?

Mr. PEYSER. I will look over this file and see what they are.

Mr. MILLER. Just run over them hastily, if you will.

Mr. PEYSER. I can tell from the names.

Here is the case of the American Security & Trust Co. against Morgan.

Mr. MILLER. What is his full name?

Mr. PEYSER. Shadrach Morgan, a colored man who was employed as messenger in the office of the Secretary of War. Three times suit was filed against this man, and the facts are as follows:

It appeared that when the American Security & Trust Co. learned that the Saulsbury resolution was going to be passed they sent for Morgan, according to his statement, and threatened him that if he did not sign a lease they would throw him out. They made him sign a lease for \$25 when he was paying \$20. It was one of those cases where a messenger was getting \$60 a month, and the \$5 out of his salary was a very important part of his life. The case was tried a couple of times, and we succeeded in winning. The third time they filed suit they obtained judgment for possession, and this messenger in the War Department had to pay to this large organization representing some owner unknown—I do not know who they represented—the increase from \$20 to \$25.

This case was one of the very active cases in the office. We had a lot of correspondence and litigation about that case. It seemed that they made this a special case, and this was a man who was making a very small salary, the smallest salary he could possibly make in the Government as a messenger.

Mr. MILLER. How about the rest of those cases from your office? Do you want to give the circumstances to the committee?

Mr. PEYSER. This is the case of the Washington Loan & Trust Co. against Russell. This was another one of these subletting cases, and a judgment for the defendant was rendered.

Mr. MILLER. In other words, they had agreed to let her sublet, and when she did they brought suit against her?

Mr. PEYSER. That was the information that we had.

Mr. MILLER. You won the case for her?

Mr. PEYSER. Yes, sir.

Another case of increase: The property was owned by Col. Ludlow. The increase was from \$150 to \$250.

Mr. MILLER. Where is that property, since you have brought it up?

Mr. PEYSER. 1307 Connecticut Avenue NW. The tenant was Lieut. H. L. Grant.

Mr. MILLER. The owner was Col. Ludlow?

Mr. PEYSER. Yes, sir; and the agents were Stone & Fairfax.

Mr. MILLER. Please look through these last two cases hastily, and then I have one or two questions to ask you.

Mr. PEYSER. The other memorandum is relative to the Alabama apartment House. That apartment house was purchased by the telephone company. We have a survey of the people who were in that apartment and found that 41 were working in the War Department, 9 in the Navy Department, 22 in the Treasury, and so forth;

and that 25 men from the families of these people were in the Army or Navy.

Mr. MILLER. What is the point that you desire to bring out there?

Mr. PEYSER. This is the house that the telephone company purchased, and here is a letter written to Hon. Albert S. Burleson, Postmaster General, by James W. Winton.

Mr. MILLER. What are the circumstances in connection with that?

Mr. PEYSER. The statement is that they undertook to get possession of the premises without court proceedings, and there was a threat made upon all the tenants in possession that they would be thrown out, in some manner or form.

Mr. MILLER. Most of these people worked in the Government departments, and 25 of the people from families in that apartment were then serving in the Army or Navy?

Mr. PEYSER. Yes, sir.

Mr. MILLER. Have you any information to give to the committee about subtenants being overcharged by tenants, and any suggestion in relation thereto?

Mr. PEYSER. I think in a great many cases the tenant is overcharging the subtenants. I had reported to me hundreds of cases where the tenants paid a nominal sum for the apartment and rent out either a room or rooms and make two or three hundred per cent.

Senator SHEPPARD. Do some parties make a business of that?

Mr. PEYSER. Yes, sir.

Senator SHEPPARD. They themselves were not war workers?

Mr. PEYSER. No, sir.

Senator SHEPPARD. They themselves did not need the housing facilities?

Mr. PEYSER. No, sir.

Senator SHEPPARD. But they became tenants for subletting and bloodletting, you might say?

Mr. PEYSER. Yes, sir. There are cases where men or women were paying \$45 for a room in an apartment where the whole apartment was rented in normal times for \$45. That was an everyday occurrence.

Chairman BALL. You have not been able to get the names of any parties who have practically made a business of that for the last few years?

Mr. PEYSER. The files that I had in the War Department contained about 3,500 complaints, some of which would disclose these facts. Lieut. Conrad, who was under me at that time, took charge of the one phase of the work. I do not know where his memoranda are but if it is the wish of the committee I will be more than glad to locate them up and locate them.

Chairman BALL. It has come to the attention of the committee that certain people have rented a number of unfurnished houses and apartments throughout the city. The rooms in those houses and apartments are furnished with furniture worth but a few dollars and they have sublet them for exorbitant prices, and they have made a business of doing nothing else but that line of work.

Mr. PEYSER. There is no doubt about that.

Chairman BALL. The committee would like very much, if possible, to find out the names of those people and find out whether there are any of our real estate dealers doing that.

Mr. PEYSER. I do not believe I came in contact with any real estate dealer who was doing that in my investigation, but there were a great many women engaged in that very practice.

Chairman BALL. We would like very much to get the names of some of those that are doing that.

Senator SHEPPARD. Did you find any evidence of collusion on the part of the owners and tenants who are engaged in this practice of exacting exorbitant rates for subtenants?

Mr. PEYSER. I can not say that I have had one case come before me personally where that question was involved.

There is one proposition that the committee ought to consider in case legislation is passed, and that is with relation to the heating, the hot water, and the elevator service that the tenants received when they first became tenants. In other words, suppose, for instance, a person moves into an apartment house, the hot water is cut off, the elevator is cut off, the heating facilities are cut off. The only remedy that the party has is to move out, because there are two decisions of our court which consider this condition constructive evictions, and the only thing that the tenant can possibly do is to move out. He can not refrain from paying rent. He would have to pay his rent as long as he stayed. The tenant's legal duty is to pay his rent or move out. So that if some legislation should be passed by which owners of apartment houses could be forced during the tenancy of the parties—

Chairman BALL. Under the law, now, it makes no difference if you have a contract with an apartment house to furnish the heat, the light, the hot water, etc., and they fail to furnish you with them, you still have to pay your full rent?

Mr. PEYSER. Yes, sir. You can sue them for breach of contract; but there are two decisions, O'Hanlon against Grubbs, and Hershel against the Iowa apartment house—

Chairman BALL. How would additional legislation help it if they already have the right to sue? What legislation could we pass that would furnish a remedy except by suit?

Mr. PEYSER. Some legislation that the tenant would not be compelled to pay rent unless he receives heat, and hot water, electricity, or elevator service, when the said services come a central plant. As long as the proposition comes from a central plant it is absolutely in the control of the apartment house owner.

Chairman BALL. Suppose the renter refused to pay the rent until they fulfilled their contract? They have the power to put the tenant out on the street?

Mr. PEYSER. No, sir; they could not get possession without going to court. If you would issue a summons for a breach of contract—

Chairman BALL. As far as legislation is concerned, he has got about all he can get.

Mr. PEYSER. If they stayed without paying rent, then that would be considered a breach of the covenant, which is nonpayment of rent, and they would get possession.

Chairman BALL. But the party of the first part has failed to fulfill his contract.

Mr. PEYSER. That is true.

Chairman BALL. You pay a certain specific rental for the use of that property, in a certain condition, which provides for light, heat, elevator service, etc. If the owner fails to fulfill his part of the contract, he is the person who is liable first.

Mr. PEYSER. You are presuming that the leases are so framed that the elevator service, hot water, and heat are included in the lease. They are not included in the lease at all. The ordinary lease is prepared in an informal manner by the apartment house owner: without any right to sublet, etc. There is nothing in the leases at the present time that gives the tenant, or forces the owner, at least, to give the tenant, hot water, elevator service, heat, or whatever comes from a central plant. If a tenant, under one of the leases, does not receive hot water and he does not pay his rent, a suit can be instituted in the municipal court of the District of Columbia to oust that tenant for failure to pay rent by reason of his breach of his contract.

Senator SHEPPARD. Is that what was held in the last two cases you mentioned?

Mr. PEYSER. Yes sir. They were damage suits for leakage, or something of that sort, and the general proposition came up. That apartment house law is something entirely new. It does not follow the common law. Where there is a central plant it is the duty of the landlord to furnish heat, and when he does not do it it amounts only to a constructive eviction, and does not relieve the tenants from paying rent.

Senator SHEPPARD. So they did not succeed in the suit they brought for damages?

Mr. PEYSER. Only the specific damages that was suffered. The proposition has never been thrashed out. I believe such a law could be passed making it binding and valid to compel a landlord to give heat. Last October, when the flu epidemic was on and the heat was refused by a great many of the apartment house owners, Commissioner Brownlow prepared a police regulation compelling landlords to give heat. That did not work very well, because under our law you must give 30 days' notice by publication. There were hundreds of cases reported to Inspector Gessford of the police department, and he will give you the report, if called upon, that the apartment house owners refused to furnish heat.

Chairman BALL. It seems to me that the contract should include all the different services that are to be given.

Mr. PEYSER. Contracts are drawn up by the landlord, and not by the tenant.

Chairman BALL. It is a mutual contract.

Mr. PEYSER. But they are prepared by the landlord.

Mr. MILLER. What reasons were given for cutting off the heat, that made it necessary for Commissioner Brownlow to take the action that he did?

Mr. PEYSER. It was sort of a veiled threat that as long as they could not raise the rent they were not going to give heat.

Mr. MILLER. You are convinced that this was used as a threat?

Mr. PEYSER. I have no doubt of it in some cases.

Mr. MILLER. If you have finished with what you are discussing, will you give your ideas to the committee as to a rent commission, Capt. Peyser?

Mr. PEYSER. That is a proposition that ought to receive very careful consideration. I have read, in the proposition suggested by Mr. Johnson, and I think it is a very good suggestion, but it might be possible to have a tribunal in the nature of a court where the tenants who are aggrieved, for certain reasons, may file a formal petition without going to any expense whatsoever, and have this court, tribunal or commission, whatever it may be called, pass on the individual case when it comes before it. It is going to be a very different matter to make one law that will cover the many features and problems of rent fixing. I believe that business properties ought to be eliminated from the workings of the Saulsbury resolution or any other future legislation. I do not think it is fair to tie the hands of the business world, but I do believe that every room, every apartment, every house used for dwelling purposes ought to be included.

Senator SHEPPARD. Do you know whether any such tribunal as you mention is in existence anywhere?

Mr. PEYSER. No; I do not except in across the sea.

Senator SHEPPARD. There is a similar tribunal to-day in Ireland under the English fair rents act.

Mr. PEYSER. I was going to mention that.

Senator SHEPPARD. The courts pass on all questions between landlord and tenant. They have more than judicial force; they have power to look into the relations between landlord and tenant to adjust the relations not only from a legal standpoint, but from the standpoint of the welfare of both.

Mr. PEYSER. That is what I mean.

Senator SHEPPARD. That is the kind of tribunal that you have in mind?

Mr. PEYSER. Yes, sir; where the rules of evidence are not to be strictly adhered to, but where you can go into the facts and circumstances of the case and the reasons; where you are not confined to the strict rules of evidence as set forth in Greenleaf's book on evidence. You must have some court that will be fair and consider all the equities of the case. In that way you can fix the rentals and have both parties satisfied.

Of course we have often heard about the real estate brokers of Washington. If you think the matter over you will find that it is not always the real estate brokers that are responsible—like the case of Stone & Fairfax. They were not really responsible; it was he owners of the property who forced upon Stone & Fairfax, (a letter in file) the attempt at an increased rent. Only obeying the request of their principal. But if you had a commission or court where a party could come with a case, without the strict rules of pleading or practice, and tell this commission or court "This is my case; this is what I make; this is what the house cost," and give the whole facts pertaining to the rent, and let the investigators get the information then the commission could fix a fair rental value.

Chairman BALL. Delay in the court is the only objection to that proposition. Of course, there must be some manner of administering justice to the people along the line that you suggest. I had in my mind one administrative head. The objection to a court is that a

court is generally about six months behind in its labors, and people would either freeze during the winter, or be washed away along the coast, or something else, before the case could be settled. It seems to me that some instrumentality that can act quickly in such matters is what is necessary.

Mr. PEYSER. In the municipal court every case is tried a week after the filing of the case.

Chairman BALL. That is not the history of any other court.

Mr. PEYSER. That is the history of the Municipal Court of the District of Columbia. Every case is tried a week after the date of filing.

Senator SHEPPARD. If there were a court of this kind instituted it would be an encouragement to landlords and tenants to agree in advance, which would lessen the number of disputes?

Mr. PEYSER. I understand that the real estate men have a plan that they are undertaking to submit along that line. The Board of Trade is in favor of it.

Chairman BALL. There is one thing that in my judgment Congress should not forget in passing legislation of that sort; that is that this is not a temporary thing in Washington. Unless we can encourage building here we are not going to be able to house the population of Washington. I believe you will have to fix a fair rental to encourage building apartment houses. I hope that we can fix on some law in order that justice can be administered quickly whether it be through an administrative officer or through a court. It must come to one or the other.

Mr. PEYSER. I think that the men who are citizens of the District of Columbia feel that something must be done, whether it is along Mr. Johnson's idea—

Chairman BALL. I do not think it can be a temporary thing. I think it ought to be a permanent adjustment, for Washington is different from any other city in the United States. The last two years have seen the population of Washington increase probably 150,000 without any practical housing for those people.

Mr. PEYSER. I think the United States Housing Corporation was responsible for a good deal of this delay and lack of proper housing. I think that \$60,000,000 were almost wasted in housing 4,000 people in Washington and a few people outside of Washington. By a system of loans to boarding houses in Washington 4,000 people could be housed without spending \$60,000,000.

Chairman BALL. There is one other proposition upon which I would like to have your judgment, and that is this, we have in Washington a great many very large houses vacant, and that are for rent. Going up certain avenues, Vermont Avenue, Connecticut Avenue, one finds houses that have been vacant for quite a while, a good many of them. Is there any way to use such houses to help out the present situation?

Mr. PEYSER. You can commandeer under the housing act. The right to commandeer is given under the housing act.

Chairman BALL. That is purely a war measure, is it not?

Mr. PEYSER. No, sir; the housing act is still in force. It is going to be abolished soon, however. That is a very expensive proposition. Senator, and I will tell you why. The rental is very high. The furniture in those houses, a majority of which are furnished houses.

expensive. A more practical proposition from a building standpoint, in my judgment, would be to have the Government make loans to builders and encourage them to build. You know at the present time there are very few bonding companies or trust companies that will loan any money in the District of Columbia. You can not get a large loan for big operations. If the Government would loan money—if they had loaned money instead of building these dormitories, the money would have come back and there would not be a total loss after the dormitories are destroyed.

I will give you an illustration of what happened in my division. The President appropriated a certain amount of money known as the emergency fund. It amounted to, I will say, \$50,000. This was before the Housing Corporation came into life. We loaned the \$50,000 to women who were willing to take care of houses. We fixed the rate of board and lodging and the class of furniture. Of all the money that we loaned out, of the \$50,000, we never lost a cent. The loan today is reduced to about \$3,000. These housekeepers paid back in monthly payments and there has not been a cent lost.

If that same idea were brought forward in building houses we would say to a group of builders, "We will lend you 75 per cent of the value of the ground and building. The money will return, and our margin of loss is very small."

Chairman BALL. Your idea is to have a building commission appointed to do that or loan it to outside parties?

Mr. PEYSER. Either through some finance bureau or some other organization.

Chairman BALL. It would have to be of that nature; I do not think you could loan it to outsiders.

Mr. PEYSER. The housing bureau bill gives the Government authority to do that. It has the authority.

Chairman BALL. You mean that if you provide sufficient homes for the people of Washington the rent proposition will solve itself?

Mr. PEYSER. Yes; demand and supply will answer its own problem.

While I am on the stand I would like to make the further statement that I do believe a reasonable increase in the rent of apartment houses ought to be permitted.

Chairman BALL. Undoubtedly. If you do not, you are going to encourage them.

Mr. PEYSER. The janitor is getting more money, and there are other items that are increased in price in the building proposition. I do not believe 50 or 100 per cent increase is a reasonable increase, 10 or 15 per cent—

Chairman BALL. Or 25 per cent.

Mr. PEYSER. I was going to say not more than 20 or 25 per cent. I think that is reasonable, if they can show that their expenses are so increased.

Chairman BALL. Unless you say 25 per cent increase you can not encourage building, because building material is so expensive now.

Mr. PEYSER. The Saulsbury resolution—lest I forget that—does not apply to new tenancies.

Chairman BALL. Suppose the Saulsbury resolution were to die and new legislation were passed in place of it?

Mr. PEYSER. Then it would be the percentage of the cost of the building and not the increase in the rental values of the standing proposition. If there is one building, and I increase the rent 10 per cent, and a new building is erected, the rent ought to charge on the cost.

Chairman BALL. My thought would be to fix some rental allowing a certain per cent of the valuation of the building. We can get the valuation of all the present apartment houses. As to the apartment houses to be built now, of course they would be more expensive, and we should allow them a certain per cent on their expenditure.

Mr. PEYSER. That is correct; but, after all, you have to figure on what the building costs, because an apartment house to-day will cost perhaps 33 per cent more than it cost two years ago.

Chairman BALL. Fully that.

Mr. PEYSER. And a little bit more, perhaps, than the year before that. It depends on what the building costs and what you will permit the owner to make net or gross on his proposition.

Chairman BALL. That is the line along which I have been thinking that we might be able to formulate some legislation.

Mr. MILLER. Do you find that some of the landlords and agents here think they should charge a rental for the apartments on the basis of the values of properties to-day or what it would cost them to build those properties to-day?

Mr. PEYSER. You will find that the smaller agencies—they have figured out what it would cost to build, rather than what it cost the owner when he purchased the property.

Mr. MILLER. In other words, if they had an apartment built some years ago you think they should figure on getting a rental out of that apartment on the same basis as it would cost to build the apartment?

Mr. PEYSER. Yes, sir; some of the agencies here have discussed that point, but I do not think it is a fair way of judging.

Chairman BALL. How can we cover this subleasing proposition?

Mr. PEYSER. I think I can tell you how that can be covered. First the landlord can insert a clause into the agreement, that in the event the place is sublet, the difference between the amount paid by the tenant plus 10 per cent shall revert to the owner or the United States. I have seen leases of that description carried out in the law. If you can revert the different to the landlord you can by the same thought also have it revert to the District of Columbia.

Chairman BALL. Very often they will rent a house and subject on or two rooms in the house, or one floor of the house; and what they are doing now is to rent one floor for double what they would pay for the whole house, very often. You could fix a percentage—

Mr. PEYSER. It may be fixed on the rent or the cubic feet of the house. The renting of rooms is going to be a very difficult proposition. If you turn over the whole apartment, four rooms, it is very easy. A is the owner, and he rents it to B for \$40. B receives from C, the subtenant, \$80. Under this paragraph which I suggest, all B, the first tenant, will be permitted to hold would be \$40. The other \$36 would either revert to the District or go back to the landlord. That is in the lease, and I have prepared a little paragraph which I will submit to the committee if you are interested in it. I have gone over every angle of this problem.

Chairman BALL. If you think of any other recommendations covering this matter, will you write the committee in the next few days, because we would like very much to take this matter up next week, so far as legislation is concerned?

Senator SHEPPARD. I believe you said you had something?

Mr. PEYSER. I meant I have it in my office when I said I had it prepared.

Senator SHEPPARD. Send it to us, please.

Mr. PEYSER. I will. The question of plumbing is another thing. In an act known as the Act of London the landlord is compelled to put the house into a sanitary condition and is compelled to keep the house from dilapidation—the English term “dilapidation.” I have prepared a little memorandum on that.

Senator SHEPPARD. We would like to have that for the record.

Mr. PEYSER. The tenant will never be able to charge the landlord more than one month's rent. That is an English law, and that is also the law in Georgia and a few other States.

I would say for the record that I was summoned here, and these records I use are the records of the Housing and Health Division, War Department. I did not volunteer to come here to express any opinion or talk about any case, but, as aforesaid, at the request of this subcommittee of the Senate.

Chairman BALL. We appreciate your coming very much, and we trust you will assist us in any way you can in preparing this legislation.

(The witness submitted to the committee certain extracts from laws governing landlord and tenant, which extracts were marked respectively “Exhibit B,” “Exhibit C,” “Exhibit D,” “Exhibit E” and “Exhibit F,” and are as follows:)

EXHIBIT B.

PLUMBING LAW.

The lessor of a dwelling house in the District of Columbia shall put it into condition reasonably fit for human habitation prior to the commencement of any tenancy, and shall, after notice, repair all subsequent dilapidations which render the premises untenable, except such as are occasioned by the tenant's want of ordinary care. The lessor shall at all times keep the plumbing in such dwelling house in good state of repair. If within a reasonable time after notice to the lessor of dilapidations or need of repairs he shall fail or neglect to perform the duty imposed upon him by law, the lessee may repair the premises when the cost of such repairs does not require the expenditure of a sum greater than one month's rent of the said premises, and deduct the expenses of such repairs from the rent; or the lessee may, after due notice, vacate the premises and terminate the tenancy.

EXHIBIT C.

The landlord must keep the premises in repair, and is liable for all substantial improvements placed upon them by his consent. (Georgia Code, sec. 2284; 59 Ga. 204.)

EXHIBIT D.

The lessor of a building intended for the occupation of human beings must, in the absence of an agreement to the contrary, put it into a condition fit for such occupation, and repair all subsequent dilapidations thereof, which render it untenable, except such as are occasioned by the tenant's want of ordinary care. (California Code; see Kerr's Cyc., C. C.)

Sec. 1929. The hirer of a thing must repair all deteriorations or injuries thereto occasioned by his want of ordinary care.

(Dwelling house must be put in fit condition and repaired by whom? Kerr's Cyc., C. C., 1941, 1942 and notes.)

EXHIBIT E.

If within a reasonable time after notice to the lessor, of dilapidations which he ought to repair, he neglects to do so, the lessee may repair the same himself, when the cost of such repairs do not require an expenditure greater than one month's rent of the premises, and deduct the expenses of such repairs from the rent; or the lessee may vacate the premises, in which case he shall be discharged from further payment of rent, or performance of other conditions. (California Code, sec. 1942; see Kerr's Cyc., C. C.; 31 Cal. App. 576.)

EXHIBIT F.

In any contract made after the passing of this act for letting for habitation a house or part of a house at a rent not exceeding—

(a) In the case of a house suitable in the administrative county of London, 40 pounds;

(b) In the case of a house situated in an urban district with a population of 50,000 or upwards, 26 pounds;

(c) In the case of a house situated elsewhere, 16 pounds; there shall be implied a condition that the house is at the commencement of the holding in all respects reasonably fit for human habitation, [but the condition aforesaid shall not be implied when a house or part of a house is let for a term of not less than three years upon the terms that it be put by the lessee into a condition reasonably fit for occupation, and the lease is not determinable at the option of either party before the expiration of that term.]

(1) The last foregoing section shall, as respects contracts to which that section applies, take effect as if the condition implied by that section included an undertaking that the house shall, during the holding, be kept by the landlord in all respects reasonably fit for human habitation.

(2) The landlord or the legal authority, or any person authorized by him or them in writing, may at reasonable times of the day, on giving 24 hours' notice in writing to the tenant or occupier, enter any building, premises or building to which this section applies for the purpose of viewing the state and condition thereof.

(3) If it appears to the legal authority within the meaning of No. 11 of the principal act that the undertaking implied by virtue of his section is not complied with in the case of any house to which it applies, the authority shall, if a closing order is not made with respect to the house, by written notice require the landlord, within a reasonable time, not being less than 21 days, specified in the notice, to execute such works as the authority shall specify in the notice as being necessary to make the house in all respects reasonably fit for human habitation.

(4) Within 21 days after the receipt of such notice the landlord may by written notice to the legal authority declare his intention of closing the house for human habitation, and thereupon a closing order shall be deemed to have become operative in respect of said house.

(5) If the notice given by the legal authority is not complied with, and if the landlord has not given the notice mentioned in the immediately preceding subsection, the authority may, at the expiration of the time specified in the notice by them to the landlord, do the work required to be done and recover the expenses incurred by them and in so doing * * * from the landlord as a civil debt in manner provided by the summary jurisdiction acts, or, if they think fit, the authority may by order declare any such expenses to be payable by annual installments within a period not exceeding that of the interest of the landlord in the house, nor in any case 5 years, with interest at a rate not exceeding 5 pounds per cent per annum, until the whole amount is paid, and an installment or interest or any part thereof may be recovered from the landlord as a civil debt in manner provided by the summary jurisdiction acts.

(6) Appeal against notice requiring him to execute works.

(7) Definition of landlord.

(9) Any remedy given by this section for noncompliance with the undertaking implied by virtue of this section shall be in addition to and not in derogation of any other remedy available to the tenant against the landlord, either at common law or otherwise.

(See *Middleton v. Hall*, 1913, 108 L. T. N. S. Eng. 804; 77 J. P. 172; 12 Ann Cas. 47; Housing, Town Planning, etc., act 1909 (9 Edw., 7 c. 44); see acts 53 and 54 Vict., c. 70, 1890.)

TESTIMONY OF JOHN F. M. BOWIE.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you give your name and address, and the firm with which you do business?

Mr. BOWIE. John F. M. Bowie; H. L. Rust, 1400 H Street.

Chairman BALL. I will state for the benefit of the people who are going to testify that this committee is anxious to get information for the sole purpose of trying to recommend some legislation that will be fair and just to all. It is not for any other purpose.

Mr. MILLER. State H. L. Rust & Co.'s business.

Mr. BOWIE. We do a general brokerage business, principally the collection of rents, making of real estate loans; general insurance business, a small sales business, specializing in the rents, and the making of loans. I have charge of the rents.

Mr. MILLER. Can you give to the committee the names of the apartment houses for which you are agent?

Mr. BOWIE. We have in charge about 32 apartment houses, little and big alike.

Mr. MILLER. Can you give the names of those apartment houses and their locations?

Mr. BOWIE. Yes, sir.

Mr. MILLER. Can you insert them in the record at this point?

Mr. BOWIE. I could not give you the names very accurately without reference to this list. This is a list of the buildings with certain prices on them.

Mr. MILLER. What we want at this point are the apartment houses for which your company are agents.

Mr. BOWIE. Yes, sir.

Mr. MILLER. Will you read them into the record as quickly as possible, with the addresses?

Mr. BOWIE. Yes, sir: The Adelphi, at 1427 Chapin Street; the Akron, 1829 G; Avalon, 2627 Adams Mill Road; Belmont, 1831 Belmont; Beverly Court, 1736 Columbia Road; Clifton, 1323 Clifton Street; Creston, 1475 Columbia Road; Darlington, 149 A NE.; Florence Court West, California Street and Phelps Place; Haddon, 1930 New Hampshire Avenue; Hampton, 1740 Eighteenth; Hartford, 1434 Harvard; Iris, 1420 Harvard; Iroquois, 1410 M; Jefferson, 315 H; Lamont, 1627 Lamont Street; Livingston, 1741 T.; Myrene, 703 Sixth Street; Oneonta, 76 New York Avenue NE.; Turin, 1924 Seventeenth; Wilburton, 1844 Columbia Road. These are buildings without names that follow: 1425 Chapin; 2029 Connecticut Avenue; 2532 Fourteenth; 2844 Wisconsin; Copely, 1813 F; Libhart, 456 Massachusetts; Wager, 1314 G; 2400 Sixteenth Street, and 1205 Fifteenth Street.

Mr. MILLER. Mr. Bowie, have you figures you can give the committee showing the amount of rent you charged for those apartments from 1914 to the present time?

Mr. BOWIE. Yes; I think I can.

Mr. MILLER. In other words, so that the committee can compare the amount of rent you received for those places from year to year so as to show the increases.

Mr. BOWIE. Yes, sir.

Mr. MILLER. What shape have you got that in?

Mr. BOWIE. I have it in this shape here. These are the present prices that the tenants are paying. These are prices that existed two or three years ago, 1914 and 1915. These prices that we expect the tenants to pay, and have asked the tenants to pay.

Mr. MILLER. You have no figures other than this sheet to show what the total rent was for the Adelphi from 1914 on down?

Mr. BOWIE. No; I have not.

Chairman BALL. Are you familiar with the number of apartments that have been vacant in these various buildings previous to 1914—I mean the number of vacant apartments?

Mr. BOWIE. Yes, sir.

Chairman BALL. What percentage were vacant?

Mr. BOWIE. I would say it would be a small percentage of the total, perhaps 5 per cent.

Chairman BALL. What is your percentage of vacancies during the years 1917 and 1918 up to the present time?

Mr. BOWIE. There have been none.

Chairman BALL. There have been no vacancies at all?

Mr. BOWIE. No, sir.

Chairman BALL. And not more than 5 per cent of vacancies in previous years?

Mr. BOWIE. I am making that statement without any careful thought on the subject. I would judge that. Our policy was, if the apartments did not rent, to reduce the rent to such figures that they would rent, and we succeeded in keeping the buildings pretty well filled.

Mr. MILLER. You haven't the figures in the shape we want them. Can you get them up and show us what you received for each one of those apartments you have named from 1914 down to and including the last fiscal year?

Mr. BOWIE. When I got this subpoena, or when it was left at our office—

Mr. MILLER. You were asked a question. I wish you would indicate whether you can do that.

Mr. BOWIE. I could get you up a memorandum of what the prices were in 1914 and 1915, and I can give you a memorandum of what the prices are to-day.

Mr. MILLER. For all those 33 apartments you have named?

Mr. BOWIE. Yes, sir.

Mr. MILLER. We would like to have you get that down to the committee as soon as you can do it this week.

Mr. BOWIE. Yes, sir.

Mr. MILLER. It is not feasible to read them in the way you have them there.

Mr. BOWIE. Yes, sir.

Mr. MILLER. We also want at the same time when the apartment houses were built.

Mr. BOWIE. Yes, sir.

Mr. MILLER. Can you give us that?

Mr. BOWIE. I can as to some of them. As to some others I could not that. I do not know when they were built.

Mr. MILLER. Can you also give us the length of time during which these apartments were vacant? In other words, the percentages of vacancies in these various buildings in 1914, 1915, and 1916, until the apartments began to fill up here in Washington.

Mr. BOWIE. I could tell you approximately.

Chairman BALL. If he is going to give us the actual income of the apartments during that period, it would cover the vacancies, I suppose?

Senator DIAL. It might and it might not. He might rent some at a very low price.

Mr. MILLER. Are you prepared to discuss the increased cost of maintenance and operation of apartment houses in general?

Mr. BOWIE. I can tell you what it costs to maintain them now, and what it did cost in 1914 and 1915. I can give you the cost of fuel and service and other costs, but I have not compiled any data. I have not had the opportunity to compare those costs.

Mr. MILLER. Can you give us any figures as to the increased cost of coal?

Mr. BOWIE. Coal has increased over 100 per cent.

Mr. MILLER. Between what dates?

Mr. BOWIE. Starting with 1916, and down to the present price.

Senator SHEPPARD. What has service increased?

Mr. BOWIE. I would say service has increased from 50 to 100 per cent. That is for janitors, elevator employees, and other employees in apartment buildings.

Senator SHEPPARD. What other expenses are there?

Mr. BOWIE. There is the element of repairs.

Senator SHEPPARD. What percentage of increase has there been in that element?

Mr. BOWIE. I would say approximately 100 per cent all along the line for papering, repainting, repairs to plumbing, steam fitting, and all work of that character.

Senator SHEPPARD. What else? Does that cover about all of it?

Mr. BOWIE. That covers all the matter of repairs. The only things that have not increased are water rent, fire insurance, interest, and taxes, although there may have been one or two instances where the taxes will go up when taxes are next paid.

Senator SHEPPARD. What increase in rent has the company made to meet these increases in expenses?

Mr. BOWIE. Up to the present time the increase in rent has been 10 per cent, I would say, less than 10 per cent.

Senator SHEPPARD. What increases do you contemplate for the next year?

Mr. BOWIE. I have here a list of the present prices, and the proposed new prices. I calculate the total of the present prices and the

total of the proposed prices that we expect to request the tenants to pay, to take care of these increased costs of maintenance. The sum total of the proposed prices is less than 25 per cent of the prewar prices. The new prices are less than 25 per cent increase.

Senator SHEPPARD. Over the prewar prices?

Mr. BOWIE. Over the prewar prices.

Chairman BALL. What is the proportion of the total increase to the cost of maintenance? You say coal has increased 100 per cent, janitor service and general help 100 per cent, repair 100 per cent. There has been no increase in the water rate, in the taxes, or interest rate. What proportion of your general expenses usually would the water rent and taxes be in an ordinary apartment house?

Mr. BOWIE. We have never compiled that information.

Chairman BALL. You will have an increase of about 25 per cent in your income, from the increase in rents. Have you these figures on the increased percentage in the total outlay?

Mr. BOWIE. No sir; I have not.

Senator SHEPPARD. Are you including in that statement or general estimate you gave residences as well as apartments?

Mr. BOWIE. No sir; I have included only apartment houses.

Senator SHEPPARD. Would the same statement apply to residences?

Mr. BOWIE. No sir.

Senator Sheppard. In what way would it differ? Would it be greater or less than the residences?

Mr. BOWIE. Very much lower.

Senator SHEPPARD. Very much lower?

Mr. BOWIE. Yes, sir.

Senator SHEPPARD. And you contemplate a smaller increase on residences?

Mr. BOWIE. Very much smaller; in fact, we have made no general increase on residence property at all.

Senator SHEPPARD. You are not contemplating any?

Mr. BOWIE. No, sir.

Chairman BALL. Are any of your properties sublet?

Mr. BOWIE. Some of them may be to-day. We found the subletting during the war period quite an evil. It got going pretty strong before we realized that it could be regulated. We did finally attempt to regulate it.

Chairman BALL. How did you regulate it?

Mr. BOWIE. We pursued the policy of not giving permission to tenants to sublet unless they would restrict the price.

Chairman BALL. To the same price that they were paying?

Mr. BOWIE. No, sir; the apartments that were furnished, for instance, and the tenant was paying us \$50 a month unfurnished, consented and agreed to their renting it furnished for \$100. We struck upon that basis, not that we thought it was a proper basis but it was an easy way to regulate it. In many cases the proportion of overcharge, before that regulation was applied, was very much greater.

Mr. MILLER. Mr. Bowie, you say that your average increase rent for these apartments is about 10 per cent?

Mr. BOWIE. No, sir; a fraction less than 25 per cent.

Senator SHEPPARD. He means to ask you about the increases you have already made.

Mr. BOWIE. Oh; the increases we have already made. I have not calculated it, but I would say about 10 per cent.

Mr. MILLER. But for the next year you contemplate an increase of 25 per cent.

Mr. BOWIE. No, sir; we contemplate an increase of 25 per cent above the prewar prices.

Mr. MILLER. Do you have an apartment called the Creston?

Mr. BOWIE. Yes, sir.

Mr. MILLER. Where is that located?

Mr. BOWIE. 1475 Columbia Road.

Mr. MILLER. What demands have you made for an increased rent from any of the tenants?

Mr. BOWIE. We sent out a letter. I have the figures here showing the increase requested and the present prices.

Mr. MILLER. Have you a tenant there named Mr. A. E. Middleton?

Mr. BOWIE. Yes, sir.

Mr. MILLER. What rent do you charge him for his present apartment?

Mr. BOWIE. \$37.50.

Mr. MILLER. What increase have you requested of him?

Mr. BOWIE. We have increased his rent to \$45.

Mr. MILLER. That will be an increase of practically 20 per cent, will it not?

Mr. BOWIE. Yes, sir; practically 20 per cent.

Mr. MILLER. A minute ago you stated you were charging them less than 25 per cent increase on the 1916 figures. State what the 1916 figures would be on that particular apartment?

Mr. BOWIE. On that apartment? \$37.50.

Mr. MILLER. In other words, you have not raised that rent?

Mr. BOWIE. That rent has not been raised since the prewar prices.

Mr. MILLER. I don't want to bring out any more questions from this witness, but want him to supply us the information requested.

Chairman BALL. He said he would do that.

Senator DIAL. I am interested in young America. Do you refuse to rent to people who have children?

Mr. BOWIE. Some property owners restrict us in that regard. The majority of them do not.

Mr. MILLER. Has it been your policy to suggest to tenants that it would be better for them not to take advantage of the Saulsbury resolution?

Mr. BOWIE. It has not; no, sir.

Mr. MILLER. You have never done that verbally?

Mr. BOWIE. No, sir.

Mr. MILLER. Or through any of your agents at any time?

Mr. BOWIE. No, sir.

Mr. MILLER. Have you ever suggested to your tenants that if they did not take advantage of the Saulsbury resolution you would probably treat them better in the future when the Saulsbury resolution expired?

Mr. BOWIE. We have not; no, sir.

Mr. MILLER. Then it has not been the policy of your firm to use any threats or coercion?

Mr. BOWIE. It has not; I can give you the exact wording of the letter we sent in all these cases, if you would like to have it. That is the only communication we have had with the tenants.

Mr. MILLER. When did you send that letter out?

Mr. BOWIE. About the middle of this month.

Mr. MILLER. That is similar to the letter that Mr. Middleton gave us, one of your tenants?

Mr. BOWIE. Yes, sir.

Mr. MILLER. Then it will not be necessary to read it into the record.

Mr. BOWIE. That is the form we used in all these cases.

Mr. MILLER. In case the Saulsbury resolution expires, and it is not replaced by some regulatory rent legislation, can you give the committee an idea as to whether your concern expects to raise rents more than indicated in the letter sent to your tenants?

Mr. BOWIE. No, sir; we expect to and have always tried to maintain a uniform schedule in each building, having a set price for each apartment. We try to make the prices true up; that is, one apartment against another.

Senator SHEPPARD. What is the determining factor in fixing the rent? Is it the income on the investment or is it the competition of places similarly located, or both?

Mr. BOWIE. It is both, sir.

Senator SHEPPARD. What interest do you try to get for a client on the money invested in the property?

Mr. BOWIE. The owners who rent the apartment usually figure their income based upon the cost of construction.

Senator SHEPPARD. What amount of income do you generally get for him? What rate of interest do you charge on his investment?

Mr. BOWIE. That would not be a matter with which I am familiar, and I do not know.

Mr. MILLER. Do they figure the cost of construction on what it actually cost to construct the building some years ago, or what it would cost now to construct the same character of building?

Mr. BOWIE. I didn't quite catch that.

Mr. MILLER. In figuring the cost of construction, so as to figure the percentage of profit the owner wants to make, do you figure the original cost of the building or what it would cost to erect the building to-day?

Mr. BOWIE. The figuring of the rental value in accordance with the cost of construction is done at the time the building is erected. That is never revised; that is, if we were going to revise the rent in the apartment building, we would not undertake to calculate what it would cost to construct it to-day, and figure our rent along that line.

Chairman BALL. I take it that if the building was new there would be no repairs, but if the building was old, you would have quite a repair bill; so in the end probably one would balance the other.

Mr. BOWIE. Yes, sir; that is usually the case. I heard one of the questions asked Capt. Peyser; and I would like to say for the information of the committee that I can give them the name of one individual who rents a number of apartments in one particular building and uses them for subletting purposes.

Chairman BALL. We would like to have it very much.

Mr. BOWIE. It is in the Iroquois Apartment, at 1410 M, and the lady's name is Dr. L. S. Brennon. I might say further that we tried to get rid of this subletting in that particular building, filing suit against this lady in the municipal court, and Capt. Peyser defended her. We lost the case, and she is still in possession of the apartment, and we would like very much to get her out and rent those apartments unfurnished.

Mr. MILLER. Have you an idea as to how many cases you brought against people last year to eject them from your apartments?

Mr. BOWIE. For subletting?

Mr. MILLER. No; not for subletting; but for other purposes.

Mr. BOWIE. There would not be any other cases except for non-payment of rent.

Mr. MILLER. Nonpayment of rent after they had refused to pay the increase in rent?

Mr. BOWIE. We never file a suit because a tenant failed to pay the increase in rent. We would have no standing in court, after the passage of the Saulsbury resolution. We could not enforce such a suit.

Mr. MILLER. The evidence before this committee shows a number of real estate dealers endeavored to get around the Saulsbury law, whether they had a right to or not.

Mr. BOWIE. We never filed a suit for possession of any apartment, except for nonpayment of rent or for a violation of the lease prohibiting subletting. We did file cases of that kind.

Senator DIAL. What price did this party you mentioned pay you for the apartments she was subletting?

Mr. BOWIE. This lady in the Iroquois?

Senator DIAL. Yes.

Mr. BOWIE. She paid us \$55 a month for five rooms and a bath. She sublet them for various sums, running from \$100 up.

Senator DIAL. Did she furnish them?

Mr. BOWIE. She furnished them.

Mr. MILLER. Don't you realize that last year there were a number of war workers who came to Washington, and if they had not been permitted to occupy rooms in apartments that were subrented they could not have had any place to go?

Mr. BOWIE. Yes, sir; I realize that.

Mr. MILLER. But in spite of that fact you bring suit to evict the tenant, even when those conditions existed.

Mr. BOWIE. We gave that particular lady a notice in December.

Mr. MILLER. I am not talking about that particular lady. I have heard enough about her. I am asking you a general question.

Mr. BOWIE. We filed suits for possession of these apartments, yes, for the Iroquois.

Mr. MILLER. I am not talking about the Iroquois. Just answer my original question. You know there were a great number of war workers who came here to Washington and if they had not had the opportunity to go into apartments that were sublet they would have had no place to go?

Mr. BOWIE. That is true.

Mr. MILLER. But in spite of those conditions your firm would bring suits, no matter whether they were justified in subletting or not?

Mr. BOWIE. We did bring a number of suits.

Mr. MILLER. And the war worker was the one who suffered?

Mr. BOWIE. Not always; we usually lost them in the municipal courts.

Mr. MILLER. Your suits were not based on justice.

Mr. BOWIE. Yes; I think they were perfectly just, but we were not very successful against Capt. Peyser.

Mr. MILLER. You do not mean to assert that the courts in the district did not render just decisions, do you?

Mr. BOWIE. Oh, no; I don't mean to assert that; but they have certain rulings which make it quite difficult for an owner or agent to enforce those provisions. For instance, if a case of subletting happens, if we accept payment of rent from the original tenant, with knowledge that it has been sublet, we are forever estopped after that from proceeding against the tenant because of that breach in the lease by reason of the subletting.

Mr. MILLER. Well, now, to continue along that line, if you have been successful in these suits, what would you have done with the apartment you regained?

Mr. BOWIE. Rerented them unfurnished.

Mr. MILLER. At the same rent, I presume?

Mr. BOWIE. We might have made a small advance.

Mr. MILLER. There is more or less surmise that you agents who brought these suits might have brought them to get people out so you could very greatly increase the rent.

Mr. BOWIE. That was not true in our case, at least.

Mr. MILLER. Do you not know that last year the Government threatened to make a survey of all homes in the District, so as to find homes for these war workers?

Mr. BOWIE. I did not know that; no sir.

Mr. MILLER. The conditions were so stringent at that time that was thought it would be necessary to commandeer homes and houses in the District of Columbia to provide places for war workers. Therefore, do you not think, as a real estate man, that your tenants had a right to sublet in order to take care of these war workers, they did?

Mr. BOWIE. Vacate the whole apartment, do you mean, or rent furnished? That is what I had reference to when I spoke of subletting.

Mr. MILLER. I don't want to split hairs, but you have admitted that your firm brought a great number of suits to get people out?

Mr. BOWIE. No sir.

Mr. MILLER. And they lost those suits in the courts, and a great number of those suits were brought against people who were subletting to war workers in the city.

Mr. BOWIE. No sir: I don't think I made that statement in that way. I said we brought some suits because of that subletting. I didn't say we were going to put war workers out. I may not have known who was living on the premises.

Senator DIAL. Do you collect your rents monthly in advance?

Mr. BOWIE. Yes sir.

Senator SHEPARD. You give the people who have subrented apartments the same opportunity to rent them as anyone else?

Mr. BOWIE. We actually turned them over to the subtenants in some cases where we were successful, rented to the subtenants.

TESTIMONY OF CHARLES FLINT.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name.

Mr. FLINT. Charles Flint.

Mr. MILLER. You are in business at what address?

Mr. FLINT. I am simply resident manager for my sister's apartment. That is the only business I have.

Mr. MILLER. What is the name of that apartment house?

Mr. FLINT. Octavia.

Mr. MILLER. Where is it located?

Mr. FLINT. 1669 Columbia Road.

Mr. MILLER. How long has that apartment been built?

Mr. FLINT. I understand about 10 years.

Mr. MILLER. How long has your sister been the owner of it?

Mr. FLINT. Two years the 15th of September.

Mr. MILLER. She bought it September 15, 1917, for how much?

Mr. FLINT. It cost her \$180,000.

Mr. MILLER. Have you figures to show what rents you have charged in 1917 and on down to the present time?

Mr. FLINT. Yes; I think you will find it right there. There is the rent for 1916, 1917, and 1918.

Mr. MILLER. Will you give to the committee any figures you have there showing the increase in the cost of maintenance and operation from the time you took possession two years ago to the present time?

Mr. FLINT. No; it states in here that it is not possible for me to give that maintenance expense for this year, for the books have not been made up, but I will have time probably to send it to you by to-morrow. We have only had it two years, you know.

Mr. MILLER. What else have you there?

Mr. FLINT. I have it for 1918?

Mr. MILLER. Does the committee want that put in at this time?

Mr. FLINT. That gives the rent for 1918 and also the expense.

Senator SHEPPARD. State what those items are?

Mr. FLINT. Which?

Senator SHEPPARD. The rents and expenses you just referred to.

Mr. FLINT. The rents for the Octavia for 1918 was \$19,182.50.

Senator SHEPPARD. What were your expenses?

Mr. FLINT. The expenses were \$14,711.88. That expense account is divided up, taking the interest on the first and second mortgages, the taxes, coal, moving of ashes, electrical repairs, gas, gas repairs, etc.

Senator SHEPPARD. Will you leave that statement?

Mr. FLINT. Yes, sir.

Senator SHEPPARD. That left you a net income of about \$4,000.

Mr. FLINT. Yes, sir.

Mr. MILLER. What did you say your rents were?

Mr. FLINT. \$19,182.50.

Mr. MILLER. You say your sister paid \$180,000 for that apartment?

Mr. FLINT. Yes, sir.

Mr. MILLER. Don't you know it was offered for sale very recently for \$125,000?

Mr. FLINT. No, sir; I don't believe it.

Mr. MILLER. The assessor of the District of Columbia has affidavits in his office to that effect.

Mr. FLINT. In the first place, it has a first mortgage of \$74,000. and a second mortgage, I think, of \$26,000. So it would be rather a bad sale at \$125,000.

Mr. MILLER. Did she pay cash or get it in a trade?

Mr. FLINT. She got it in a trade.

Mr. MILLER. What were the terms of the trade?

Mr. FLINT. I can't give them to you.

Mr. MILLER. Were you not associated with your sister then?

Mr. FLINT. No, sir; I was not in that trade.

Mr. MILLER. Then the statement that she paid \$180,000 for it may be a little misleading, because she didn't pay the cash for it?

Mr. FLINT. No, sir; but it is actual cash, because we had a lot of property in the country and apartments in this city.

Mr. MILLER. You say "we." Who do you mean?

Mr. FLINT. Well, I always say that, although it is hers.

Mr. MILLER. If you say "we," why can't you give us the details of that transaction, which was only two years ago? You were managing your sister's affairs in this matter. We want the details of the purchase of the Octavia.

Mr. FLINT. I will give you a copy of the bill of sale; I will send it to you to-morrow.

Mr. MILLER. You are not familiar with the facts?

Mr. FLINT. Not all of them.

Mr. MILLER. Give us the facts that will explain to the committee the details of that trade.

Mr. FLINT. I will send it to you in the morning.

Mr. MILLER. Why can't you give it now?

Mr. FLINT. Because I haven't them arranged in the shape you want them. You can look at this bill of sale if you want to.

Mr. MILLER. I am not being cross-examined; I want you to tell the committee if you have the facts there.

Chairman BALL. We want all the facts connected with the case.

Mr. FLINT. I will send you a copy to-morrow. When they came at half-past 6 or a quarter to 7 last night to fix it, I have not had the time to do it.

Mr. MILLER. That is merely gratuitous. You need not go into that.

Mr. FLINT. All right.

Mr. MILLER. You have no facts here that will give the committee the particulars about that transaction?

Mr. FLINT. I told you I would read what I had here.

Chairman BALL. Ask him about the rent and we can take that up later.

Mr. MILLER. I want to bring that up at this point for a purpose. I would like to get it in the record at this point. What point do you want brought out, Senator?

Chairman BALL. He gave notices of increase of rent from \$60 to \$90. did he not?

Mr. MILLER. What increases in rent have you demanded from your tenants?

Mr. FLINT. Do you want to take the full list for last year.

Chairman BALL. Let me ask you a few questions; you say you sent notices to certain persons who are now occupying apartments there that after the 1st of October they would be expected or required to pay certain additional rent or vacate the premises.

Mr. FLINT. I didn't send any such notice; I beg your pardon.

Chairman BALL. You have not?

Mr. FLINT. No, sir.

Chairman BALL. Who signs your notices?

Mr. FLINT. I do, as resident manager. I know the party you have reference to, and he is quite off in his statements.

Mr. MILLER. We don't want any comments on anything, except in answer to the questions.

Mr. FLINT. All right.

Chairman BALL. He has answered the question that he did not. That is all there is to it. You have not made any increase in your rent?

Mr. FLINT. I have, but I have seen the parties personally and had conversations with them.

Chairman BALL. What increases have you made in your rents?

Mr. FLINT. It is right here; I will give it to you. I have a list of them for last year, and I will make you up a list for this coming year, but they are not settled yet.

Chairman BALL. Does your list include the increases for this year?

Mr. FLINT. No, sir; from October 1, 1919, to October 1, 1920, or from 1918 to 1919?

Chairman BALL. Have you notified any of your tenants they will be expected to pay an increased rent?

Mr. FLINT. I have been to them and spoken of the matter, but have only leased one apartment.

Chairman BALL. What increase have you asked for?

Mr. FLINT. To get the apartment all in an equality according to rents. An apartment renting at \$65, and one right next door renting for \$60, is not a fair deal to the man who is paying \$65, and the other fellow paying \$60. If I have one apartment in a certain location, with a man paying \$35, and in another a man who wants to hold on to for \$30, that is not fair. We are trying to equalize the apartments as we go along, and we have succeeded.

Chairman BALL. You have not made regular increase in rent? You have only adjusted the rent?

Mr. FLINT. That is it.

Mr. MILLER. We have evidence here, Senator, showing they made increase in rent?

Chairman BALL. We know that.

Mr. MILLER. That was given under oath. I would like to ask him a question about it. May I?

Chairman BALL. Yes.

Mr. MILLER. What are you charging for apartment 33 at the Octavia?

Mr. FLINT. I don't see 33 on this list; what is the name?

Mr. MILLER. L. P. Liles.

Mr. FLINT. That is 34.

Mr. MILLER. What are you charging for that now?

Mr. FLINT. We are charging, up to the 1st of October, \$60.

Mr. MILLER. Have you made any request for an increase in rent?

Mr. FLINT. Yes, sir, personally.

Mr. MILLER. What?

Mr. FLINT. \$30. I want \$90.

Mr. MILLER. In other words, you are asking for an increase in rent from \$60 to \$90?

Mr. FLINT. Yes, sir.

Mr. MILLER. That is a 50 per cent increase?

Mr. FLINT. Yes, sir.

Mr. MILLER. How do you explain that to the committee?

Mr. FLINT. Because the other people have all been charged the same price for this coming year. It is a large apartment, and the committee can see the size of it from the plans of the apartment, and it is perfectly proper he should pay it.

Chairman BALL. What is the size of it?

Mr. FLINT. It is on the fourth floor. He has a library 12 by 13; a parlor 12 by 17; a bedroom 12 by 13, another one 11.6 by 14.6; another bedroom 11 by 12; a dining room 12 by 16; a maid's room, 8.6 by 7.6. He has quite a large hall and a very good kitchen, and it is on the front corner of the building, so I don't think it is an excessive charge, as rates go.

Mr. MILLER. Last winter did you receive any complaint as to the heating service in the Octavia?

Mr. FLINT. No, not to speak of.

Mr. MILLER. Not to speak of?

Mr. FLINT. Occassionally some man would be a little bit cold, but I can give you the cost of the coal for the last year.

Mr. MILLER. Were you ever told by some of your tenants that you would be reported to the Fuel Administrator if you did not provide more heat?

Mr. FLINT. No, sir; not to my knowledge; I have been congratulated.

Mr. MILLER. Congratulated upon the heat in your building?

Mr. FLINT. Yes, sir. In 1918 we spent \$2,700 for coal.

Mr. MILLER. One moment; what other apartment houses in the city does Mrs. Barrett own?

Mr. FLINT. The only other one she owned she sold.

Mr. MILLER. What was that?

Mr. FLINT. Knickerbocker.

Chairman BALL. Have you a list of the increases in rents you have asked for the different apartments? You say you did not increase them all 50 per cent?

Mr. FLINT. No sir; not at all. I have got them right here.

Chairman BALL. Give us a list of the increases you have asked.

Mr. FLINT. Do you want me to read them to you?

Chairman BALL. Yes; just name them.

Mr. FLINT. I haven't put down the increase to be asked for next year, from 1919 to 1920, but I have got the price paid for apartments from 1917 to 1919.

Chairman BALL. Is this one apartment you have asked for an increase of 50 per cent.

Mr. FLINT. Yes sir.

Chairman BALL. \$30.

Mr. FLINT. Yes sir.

Senator SHEPPARD. When is that asked for?

Mr. FLINT. That is to commence the 1st of October of this year.

Chairman BALL. How about the other apartments on the 1st of October?

Mr. FLINT. I have not prepared any list of charges yet.

Mr. MILLER. You have no figures before you to show the monthly rentals and receipts for this year?

Mr. FLINT. No sir.

Mr. MILLER. Does the committee want these figures put in? I will put in at this point, as Exhibit A, the list showing the monthly rental and receipts of the Octavia from October, 1916, up to and including October, 1919.

(Said Exhibit A is here copied in the record as follows:)

Monthly rentals and receipts of the Octavia from October, 1916, to October, 1919.

Apartment No.—	October, 1916-17.	October, 1917-18.	October, 1918-19.
.....	\$37.50	\$37.50	\$40.00
.....	40.00	55.00	* 55.00 \$15.00
.....	27.50	27.50	27.50
.....	25.00	25.00	* 25.00 5.00
.....	27.50	27.50	27.50
.....	25.00	25.00	* 25.00 5.00
.....	32.50	32.50	35.00
.....	70.00	70.00	70.00
.....	30.00	30.00	30.00
.....	55.00	60.00	* 65.00 5.00
.....	65.00	65.00	70.00
.....	65.00	65.00	70.00
.....	32.50	32.50	35.00
.....	32.50	32.50	35.00
.....	47.50	47.50	* 47.50 2.50
.....	30.00	30.00	* 30.00 5.00
.....	42.50	42.50	* 42.50 7.50
.....	35.00	35.00	35.00
.....	40.00	40.00	40.00
.....	67.50	67.50	70.00
.....	30.00	30.00	32.50
.....	65.00	65.00	70.00
.....	28.50	32.50	35.00
.....	32.50	32.50	35.00
.....	50.00	50.00	50.00
.....	30.00	32.50	35.00
.....	35.00	42.50	50.00
.....	55.00	60.00	70.00
.....	60.00	60.00	* 60.00 10.00
.....	60.00	65.00	70.00
.....	32.50	35.00	35.00
.....	32.50	32.50	* 32.50 2.50
.....	47.50	50.00	50.00
.....	30.00	32.50	* 32.50 2.50
.....	42.50	42.50	50.00
.....	35.00	35.00	35.00
Total	1,528.50	1,580.00	1,652.50

Rentals for October, 1916, to October, 1917, $\$1,528.50 \times 12 = \$18,342.00$.

Rentals for October, 1917, to October, 1918, $\$1,580.00 \times 12 = \$18,960.00$.

Rentals for October, 1918, to October, 1919, $\$1,652.50 \times 12 = \$19,830.00$.

These amounts are made up from payments, all apartments occupied.

Those marked with star declined to increase rents in October, 1918, and continued to pay rental of 1917-18, which amounted to \$60 monthly less than what we had fixed upon as fair.

Mr. MILLER. Mr. Flint, the Saulsbury resolution was passed last year. Have you ever indicated to any of your tenants that it would be better for them not to take advantage of the Saulsbury resolution?

Mr. FLINT. No, sir; I have notified them that the fact that they were not paying their rent put them in as a person availing themselves of the Saulsbury Act. I have never threatened to put anybody out. I have never brought a suit. I don't intend to. I just let them stay in and have not used any particular pressure on any of them.

Mr. MILLER. After the Saulsbury resolution expires, and if it is not followed by additional legislation, is the attitude of your apartment to be inimical to those tenants who did take advantage of the Saulsbury resolution?

Mr. FLINT. I would be foolish if I didn't. Why should they after spending a year—

Mr. MILLER. Don't ask me questions. You have answered in question. I just wanted to bring that out.

Mr. FLINT. All right.

Mr. MILLER. What is your attitude toward the persons who have been called before this committee, summoned to come here and give testimony?

Mr. FLINT. My attitude? Who has been here?

Mr. MILLER. You are not familiar with any of your tenants who have been here?

Mr. FLINT. I am.

Mr. MILLER. Well, answer my question.

Mr. FLINT. I wanted to find if any more than those two have been here, Mr. Liles and Dr. Bullock.

Mr. MILLER. What is your attitude going to be toward those tenants who were summoned here and asked to give testimony?

Mr. FLINT. When the Saulsbury Act expires, and I have the opportunity of sending them a notice to leave, I shall send it.

Mr. MILLER. But in the meantime, if additional legislation passed to prevent anybody from taking undue advantage of a tenant, you will have to comply with it?

Mr. FLINT. We will observe it, of course; we are law-abiding citizens.

Mr. MILLER. Do the Senators want him to give any data to the committee about the transaction in buying this apartment?

Chairman BALL. He says he will give the transaction. What the price you paid for it?

Mr. FLINT. I told you the price.

Mr. MILLER. I didn't say he wouldn't give it. We will insist that he do give it to us.

Mr. FLINT. There will be no need of doing that.

Mr. MILLER. He said he was not in position to give it now because of his lack of familiarity with the details of the transaction that took place in the last two years.

Chairman BALL. What did he say was the price of the Octav

Mr. MILLER. He said it cost \$180,000. Subsequent questions brought out the fact that there was a trade, and that amount of cost was not actually paid. We want the details of that transaction.

Mr. FLINT. You shall have them, if you want them.

Chairman BALL. You have not got them with you now?

Mr. FLINT. I have not, only the official document, and I don't want to leave that. I will send a copy of it to you to-morrow.

Chairman BALL. Mr. Miller, you can get from him what you want.
 Mr. MILLER. We will get it, because that is the information we want. I want you to direct him to send it in.
 Mr. FLINT. I shall be happy to without your asking me to.

TESTIMONY OF JULIUS I. PEYSER (Recalled).

The witness had been previously sworn.)

Mr. MILLER. You have already been sworn?

Mr. PEYSER. Yes, sir.

Mr. MILLER. Will you give the committee what information you have about the transactions in the purchase of the Octavia apartment by the present owners?

Mr. PEYSER. The apartment house was built about 9 or 10 years ago. B. Stanley Symmons commenced to build it, and found himself financially unable to continue. I was made trustee to complete, did complete it, and the building was sold about six months before the United States entered the war to Mr. Bates Warren. The trustee received, over and above the \$75,000 first trust on it, not more than \$38,000 in money and promiscuous real estate, small properties.

Mr. MILLER. Are those all the facts you have in regard to it?

Mr. PEYSER. Yes. I don't want to get in controversy with Mr. Miller, but I wish the committee would let me see the Rust papers. I think I can show you statements which will bear out my contention, and you may see those.

Mr. MILLER. All right; look those over and pick out what you want.

Mr. PEYSER. In the case of Rust against Babb, which Col. Miller called to my attention this morning, that was a suit instituted by the firm for three apartments. The owner wanted three apartments for his own use. The court gave judgment to the owner under the Saulsbury resolution for one apartment, and for the defendant for the other two. That suit was filed by the firm of H. L. Rust.

In the case of Rust *v.* Moser, here is a letter sent out of the office of H. L. Rust, dated September 23, 1918, raising the rent from \$10 to \$17.50. That was offered in evidence on that date, notwithstanding they said there was not a 25 per cent increase asked.

Mr. MILLER. I submit the letter from H. L. Rust to Mrs. M. S. Moser, dated September 23, 1918, as Exhibit 1.
 Said Exhibit 1 is as follows:)

(H. L. Rust, Real Estate Loans & Insurance, 1400 H Street, NW.)

WASHINGTON, D. C., September 23, 1919.

MARTHA S. MOSER,

Apartment No. 7, Wagar, City.

MADAM: Your attention is called to the provision in your lease which prohibits subletting or transferring possession of the apartment or any part thereof without the lessor's written consent. Existing conditions make it necessary to strictly enforce this provision.

We are no doubt aware of the Saulsbury resolution passed by Congress giving you the right to continue under your present lease so long as this resolution remains in effect. Your lease after September 30, if not then renewed for another term, becomes by its provisions a continuing monthly agree-

Owing to the increasing expenses in connection with the maintenance of this apartment house, the owner requests, when new leases are made, an increase in the rent from \$37.50 to \$47.50.

Please let me know by September 30 whether you desire a new lease or will continue under present lease, or will give up the apartment.

Very truly, yours,

H. L. Rust.

By S. F.

Mr. PEYSER. That suit went to trial and there were several complications in it, and judgment was rendered for the defendant.

In the case of Rust v. Jarvis, that is one of those cases for violation of the contract, and judgment was rendered for the defendant.

Relative to the case against Dr. Brennon, mentioned by Mr. Bowie Mrs. Dr. Brennon had rented these apartments four or five years ago with the permission and consent of H. L. Rust's office to sublet the apartment. When the case came to the office, before I undertook to handle it, I got permission from the office of the Assistant Secretary of War, because Dr. Brennon was a Government employee, and there were so many Government employees located in these rooms who were anxious to remain. I think, all told, there might have been eight who came to the courthouse and pleaded with us to keep them from being dispossessed, and we defended Dr. Brennon. I didn't go into the history of how much Dr. Brennon was charging, or what she was not charging, but it was during the time when the housing condition was at its worst stage, and it was necessary to protect the persons in possession, and that is the reason Dr. Brennon was defended by our office. I understand a good many real estate firms—and I would not be surprised if Mr. Bowie would admit that some men in his office would rent three or four apartments unfurnished and would furnish them and rent them out to other people at a much higher rent. I wish the committee would ask Mr. Bowie if he or anyone else in his office ever rented three or four apartments unfurnished and furnished them and then rented them out to somebody else.

Mr. MILLER. Do you have some evidence to show that was done?

Mr. PEYSER. Not by his firm, but I have evidence in the War Department showing it has been done by others.

Senator SHEPPARD. By other real estate firms?

Mr. PEYSER. Not by the firms but people with the firms.

TESTIMONY OF JOHN F. M. BOWIE (Recalled).

(The witness had been previously sworn.)

Mr. MILLER. You want to make a statement, Mr. Bowie?

Mr. BOWIE. Captain Peyser stated that in the case against Babb the suit was filed for three apartments. That is not the case. The suit was filed for two apartments. Mr. James was the owner of the building. These apartments were only four rooms and bath, and he had four or five in his family and no one apartment was large enough to accommodate him and his family. He was an employee of the Government and he needed the premises for his own use. The court, however, held that they could not dispossess two tenants to accommodate one and he would have to get along with one apartment, notwithstanding the crowded condition. That much for the Babb case.

In the Moser cases that Capt. Peyser has mentioned it might be inferred from his remarks that we were filing suit for possession of these apartments to enforce the payment of the increased rent. That suit was filed by reason of the apartment having been sublet. The Harris case he referred to is also one of the subletting cases. We tried both of them and we lost both of them. The Brennon case has already been covered. It is true that lady had occupied that apartment for a number of years. She was installed there by a former owner, and we found her there when we took charge of it about 1915, and we gave her notice in December, 1916, that we desired her to surrender them at the expiration of her then term of lease, which expired the 30th of September, 1918. We attempted to get rid of her, filing the usual suit in the municipal court, and we failed in that case also. It was our purpose, however, certainly in the case of one of these apartments to turn it over to a Mrs. Jacobson, who is secretary, I believe, to Senator Kirby. I think she will corroborate this statement. She was a subtenant of Dr. Brennon and she had agreed that if we could eliminate Dr. Brennon we would turn the apartment to her unfurnished. She was paying something in the neighborhood of \$150 a month.

Mr. MILLER. One other question, Mr. Bowie. Have any of the people in H. L. Rust's office that you know of rented apartments from you or apartments that you know of and then rereanted them for a higher price?

Mr. BOWIE. No, sir. It is not done.

Mr. MILLER. You would know it if it was done by anyone?

Mr. BOWIE. Yes, sir.

TESTIMONY OF MR. F. R. VAN ANTWERP.

The witness was duly sworn by Chairman Ball.)

Mr. MILLER. You may state your full name.

Mr. VAN ANTWERP. F. R. Van Antwerp.

Mr. MILLER. Where do you live?

Mr. VAN ANTWERP. 901 Twentieth Street.

Mr. MILLER. That is an apartment house of which you are the owner or agent?

Mr. VAN ANTWERP. The owner, part owner.

Mr. MILLER. What did that apartment house cost you?

Mr. VAN ANTWERP. \$40,500.

Mr. MILLER. When did you buy it?

Mr. VAN ANTWERP. September 1, 1912.

Mr. MILLER. The full value of that apartment is given as \$30,203 on the assessor's list.

Mr. VAN ANTWERP. I don't know about that. I know that was contract price for it.

Mr. MILLER. Did you pay \$40,000 in cash for it?

Mr. VAN ANTWERP. No, sir; I did not.

Mr. MILLER. What was the transaction; how much cash did you pay on it?

Mr. VAN ANTWERP. I paid \$12,000 in cash on it, and the rest was in mortgages.

Mr. MILLER. No other property or houses or anything else entered into it?

Mr. VAN ANTWERP. No.

Mr. MILLER. What is the yearly rent you got from the apartment in 1916?

Mr. VAN ANTWERP. In 1916, \$3,798.

Mr. MILLER. You said you had had that apartment since 1912. Will you give the committee the rent you have received from the apartment each year since then?

Mr. VAN ANTWERP. I didn't bring all that data.

Mr. MILLER. You haven't that information here?

Mr. VAN ANTWERP. No, I have not. I would like to make a statement in regard to the subject generally.

Mr. MILLER. The committee may have some questions that they want to bring out on matters that they want to know.

Chairman BALL. I think you may let him go ahead.

Mr. VAN ANTWERP. September 1, 1912, I bought an equity in and took possession of the apartment house at 901 Twentieth Street, Washington, D. C., for \$40,500. My wife and I occupy one of the apartments, and give our time and personal attention to the operation and care of the building. The building was a little less than one year old when I acquired it. It is a four story and basement, gray brick front, containing 11 apartments in all—eight house-keeping apartments of four rooms and bath each, and three "bachelor" apartments of one room and bath each. All are outside apartments, facing either on Twentieth Street or on both Twentieth Street and 1 streets. The rooms are large, light, and airy; the housekeeping apartments, some of them, have been comfortably occupied by four and even five persons. Only three of my apartments are occupied by Government employees—and only one of the three by war workers who, by the way, are happy and contented.

I employ a janitor, who gives his entire time to the care of the building and personal accommodation of the tenants. I am sure that any one who has ever lived in the building, or who is acquainted there, will bear me out in the following statements: There is no apartment house nor private home in Washington any cleaner, better kept, and orderly at all times (including basement) than 901 Twentieth Street. On this I have been many times complimented. Further, that my building is always well heated and plenty of hot water any hour of the day or night. I give my time to seeing that proper repairs and improvements are made promptly; and it is always easy for my tenants to communicate with me, and they are encouraged to do so, when repairs are needed and it receives immediate attention. In spite of the great increased cost of all work and materials, my property is in A1 condition, and is a better building to-day than when I bought it.

I will be glad to have my testimony read in conjunction with that of Mr. E. E. Britton, one of my tenants, who testified before your committee last Monday. In his testimony he stated, as I understood, that an apartment in my building, similar to the one he occupied was at one time rented by Dr. Cary Grayson for \$31. The fact that Dr. Grayson was never a tenant of mine, and never rented an apartment from me. Mr. Lawrence O. Murray, ex-Comptroller of the Currency, did have an apartment in the building for which he paid me \$42.50 per month until May, 1913. Dr. Grayson was with Mr. Murray some of that time, whether as a guest or a partner

Mr. Murray, I do not know; but I do know that Dr. Grayson's name has at no time appeared on my rent list. Mr. Britton also referred to Miss Horan, one of my tenants. She has for many years been an employee in the Land Office, under the Interior Department, at a very substantial salary. She has lived in my apartment house for about seven years, and I am sure she will say she has always been comfortable and well served. She, like Mr. Britton, refused to pay any increases in rent, giving as her reason, that, under the Saulsbury law, she does not have to.

Mr. Britton speaks of the house having no elevator; that is true, as the building is too small to justify it. This he knew when he rented the apartment. He further stated that since he has occupied the apartment, I have made no improvements or repairs in it. All repairs in his apartment I have made willingly and promptly when reported to me that something was out of order.

As to improvements, he probably means redecorating. When he took possession of the apartment two years ago, it was freshly done over and redecorated, and was absolutely clean and sanitary.

All of the other apartments are in practically perfect order.

I do not know just what he means by saying that I have been to no exceptional expense in keeping up the building. During the last two years I have done this—awnings recovered and improved; skylight improved; roof repainted, yearly; lobby redecorated; halls repainted; plumbing improved; besides many minor details that keep my building always in practically perfect condition.

The increased cost of operating my building and keeping it in all ways up to the high standard that I have set, has been heavy; and it is only fair and just that my tenants should share in it. Some of them have, others, taking advantage of the Saulsbury law, are forcing their rightful portion of operating and upkeep of the property on me. In the cost of operation I have allowed nothing for my time and services; much of the work that would otherwise entail heavy expense, I do myself, and yet my increased expenses are great.

I am paying my janitor 40 per cent more than I did in prewar times. It costs me more than double the amount to have trash and ashes hauled away. Interest is more. Brooms, mops, polish, soap, and cost of every item for cleaning is greater. All articles of hardware, paint, awnings, electric fixtures, plumbing supplies, and every item that goes to the general upkeep of property is higher in price. Coal has almost doubled in price, and is more deficient in quality. Though this great burden of increased operation, which is undeniable, has fallen upon me, as every other property owner, I have never failed to keep the same high standard of upkeep and service in my building; even though some of my tenants, hiding behind the Saulsbury law, are taking undue advantage of me. I have had no vacancies in my building since I have owned it. When an apartment was to be vacated it has always been released in advance.

In 1915 and 1916 I bought anthracite coal for \$7.25, that I have had to pay \$12.55 for in bin in March 1919. Since then the price has gone yet higher.

In 1916 my total rents collected were \$3,798. In 1918 my total rents collected were \$4,517. My operating expenses for 1918, were

\$1,944; increased 42.4 per cent over average for the preceeding four years.

Mr. MILLER. What rent are you proposing for the year beginning with October, 1919?

Mr. VAN ANTWERP. The total rent? All of the individual cases have not been settled.

Mr. MILLER. Can't you answer the question? What will be your total rent from your apartments for the year beginning October 1, 1919?

Mr. VAN ANTWERP. I couldn't tell without figuring it up.

Mr. MILLER. How long will it take you to figure it?

Mr. VAN ANTWERP. Not very long.

Senator SHEPPARD. How many apartments in your building?

Mr. VAN ANTWERP. Only eleven, and my wife and I live in one of them.

Senator SHEPPARD. Are all ten rented?

Mr. VAN ANTWERP. All ten are rented.

Senator SHEPPARD. What are you getting for the ten now?

Mr. MILLER. Can you call off to the Senator the figures and he will add them up?

Mr. VAN ANTWERP. All right. \$47 for one; the next one is a furnished apartment. That is the only one of them. How shall I make that?

Senator SHEPPARD. Give us what you are getting for them.

Mr. VAN ANTWERP. I am getting \$75 for that. The next is \$29. The next is \$60. The next one I have just now rented. No. 2 is not rented. That is the one I live in.

Chairman BALL. No. 1 is \$47?

Mr. VAN ANTWERP. Yes, sir.

Chairman BALL. No. 2 is the one you live in?

Mr. VAN ANTWERP. Yes, sir.

Chairman BALL. No. 3 is \$75?

Mr. VAN ANTWERP. Yes, sir.

Chairman BALL. No. 4 is \$29?

Mr. VAN ANTWERP. Yes, sir.

Chairman BALL. No. 5 is \$60?

Mr. VAN ANTWERP. No. 5 is \$60. No. 6 I have just now re-leased for \$60.

Chairman BALL. And No. 7?

Mr. VAN ANTWERP. No. 7 is \$22.

Chairman BALL. No. 8?

Mr. VAN ANTWERP. No. 8 is \$43.

Chairman BALL. No. 9?

Mr. VAN ANTWERP. \$55.

Chairman BALL. No. 10?

Mr. VAN ANTWERP. \$25.

Chairman BALL. Do I understand that is what you are getting now?

Mr. VAN ANTWERP. That is what I am getting now. There is one more, No. 11, \$41.

Chairman BALL. We want to know what increase you are going to ask.

Mr. MILLER. What are you going to get after October 1, 1919?

Mr. VAN ANTWERP. It will depend. What I should get is one question, but I don't know whether I will be allowed to or not under this Saulsbury law.

Mr. MILLER. Can you not tell the senators after October 1, 1919, what increase you are going to get over these amounts you have given?

Mr. VAN ANTWERP. I can tell if you will let me say what I should have. I can't tell what I will get.

Mr. MILLER. What are you asking?

Mr. VAN ANTWERP. I am asking \$55 for No. 3 and \$55 for No. 8.

Chairman BALL. Just give us the increases you are asking. What about No. 1?

Mr. VAN ANTWERP. I believe that is just the same. The people who are living in that apartment are very well satisfied.

Mr. MILLER. Please give the figures and don't talk so much about it.

Chairman BALL. No. 3 is what?

Mr. VAN ANTWERP. \$75.

Chairman BALL. You are not asking for any increase?

Mr. VAN ANTWERP. Not as it is, no, sir.

Chairman BALL. You have not notified the tenant of an increase?

Mr. VAN ANTWERP. No, sir.

Chairman BALL. Have you notified the tenant of No. 4?

Mr. VAN ANTWERP. No, sir. That will be the same.

Chairman BALL. How about No. 5?

Mr. VAN ANTWERP. Five will be the same.

Chairman BALL. No. 6?

Mr. VAN ANTWERP. No. 6 is the same.

Chairman BALL. No. 7?

Mr. VAN ANTWERP. No. 7 will be \$28.

Chairman BALL. That is an increase of \$6. No. 8.

Mr. VAN ANTWERP. \$55.

Chairman BALL. An increase of \$12. No. 9.

Mr. VAN ANTWERP. No. 9 will be the same.

Chairman BALL. Why did you increase some and not the others?

Mr. VAN ANTWERP. These others were increased some time ago and agreed upon.

Chairman BALL. Number 10?

Mr. VAN ANTWERP. No. 10 will be the same.

Chairman BALL. No. 11?

Mr. VAN ANTWERP. No. 11 is \$55.

Chairman BALL. An increase of \$14.

Mr. VAN ANTWERP. I really haven't talked about that. I haven't thought about it very materially. It may be \$50.

Mr. MILLER. Did you have any of your tenants removed in 1918?

Mr. VAN ANTWERP. I didn't have any of them removed. There were some changes.

Mr. MILLER. Did you charge a higher rent when you made a change in tenants?

Mr. VAN ANTWERP. I did in some cases.

Mr. MILLER. Can you give the increases to the committee?

Mr. VAN ANTWERP. If I can think what changes I had. I haven't had many. People stay with me right along.

Mr. MILLER. Then there were no changes?

Mr. VAN ANTWERP. I don't think off-hand of a change.

Mr. MILLER. Last year, at the beginning of the rental year of 1918 and 1919, did you change your plan about the payment by tenants for gas and electricity?

Mr. VAN ANTWERP. No sir, it has been that way all the time.

Mr. MILLER. Have you served any of your tenants, who refused in 1918 to pay increased rent, with notice to vacate the apartment by October 1, 1919?

Mr. VAN ANTWERP. Yes, three.

Mr. MILLER. Name them.

Mr. VAN ANTWERP. E. E. Britton, Miss Katherine Horan and Mr. Cassan.

Mr. MILLER. Why those three?

Mr. VAN ANTWERP. Because they were too low for me. I couldn't afford to furnish it to them for that.

Senator SHEPPARD. Can you give the number of their apartments?

Mr. VAN ANTWERP. Mr. Britton is No. 8.

Mr. MILLER. Give the number of the other two.

Mr. VAN ANTWERP. No. 7 and No. 11.

Mr. MILLER. Did you at any time say you didn't want disagreeable tenants who had availed themselves of the provisions of the Saulsbury resolution?

Mr. VAN ANTWERP. I never said it to my knowledge.

Mr. MILLER. A few moments ago you used the term "hiding behind the Saulsbury Law." Do you not think any citizen has the right to take advantage of a law that protects him?

Mr. VAN ANTWERP. I do.

Mr. MILLER. Why did you term it "hiding"?

Mr. VAN ANTWERP. In those cases I think it is unfair. May I express my own opinion about it?

Mr. MILLER. Yes.

Mr. VAN ANTWERP. I want it distinctly understood that I am not objecting to the Saulsbury law, for I most highly sanction it for what it was intended, but I think in a case of this kind it is not intended to take undue advantage of a property owner.

Mr. MILLER. How have you been taken advantage of by tenants availing themselves of this Saulsbury resolution?

Mr. VAN ANTWERP. If they are not willing to pay me any more now, during this terrible increase in cost of operation, to what it was in prewar times, I think it is undue and unfair.

Senator SHEPPARD. When did you last raise the rent on No. 1?

Mr. VAN ANTWERP. About a year ago.

Senator SHEPPARD. You have not raised the rent on any of the others this year?

Mr. VAN ANTWERP. Yes, in changing the tenants, just getting it back to where it should be.

Senator SHEPPARD. How many have you raised this year? Have you raised all except No. 1?

Mr. VAN ANTWERP. No, sir.

Senator SHEPPARD. How about No. 3? Was that raised this year?

Mr. VAN ANTWERP. No, sir.

Senator SHEPPARD. How about No. 4?

Mr. VAN ANTWERP. No. 4 was raised about the beginning of the year.

Senator SHEPPARD. How about No. 5?

Mr. VAN ANTWERP. No. 5 was raised, due to a change in tenants.

Senator SHEPPARD. This year?

Mr. VAN ANTWERP. Yes, sir. One of them went to New York.

Senator SHEPPARD. What were you getting when you changed tenants in No. 5? You are getting \$60 now?

Mr. VAN ANTWERP. I think we got \$48 then for two people, and now four people have it and they pay \$15 each.

Senator SHEPPARD. How about No. 6? That is \$60 now.

Mr. VAN ANTWERP. No. 6 was \$47.50, and that man went to New York.

Senator SHEPPARD. You had a change in tenants this year?

Mr. VAN ANTWERP. Yes, sir.

Senator SHEPPARD. And you get now from No. 9, \$55. Was that changed this year?

Mr. VAN ANTWERP. No. 9 was changed this year.

Senator SHEPPARD. Not the same tenant?

Mr. VAN ANTWERP. No. It is a case of subleasing.

Senator SHEPPARD. What were you getting for that before you changed it to \$55.

Mr. VAN ANTWERP. \$48.50, and then she agreed to pay me \$55, and she turned around and rented it for \$75.

Senator SHEPPARD. She is subleasing it?

Mr. VAN ANTWERP. She is subleasing it.

Senator SHEPPARD. How about No. 10?

Mr. VAN ANTWERP. The same.

Senator SHEPPARD. It hasn't been changed?

Mr. VAN ANTWERP. No, sir.

Mr. MILLER. Did you state to Mr. E. E. Britton last year that those tenants who availed themselves of the Saulsbury resolution—he was one of the tenants who availed himself of the Saulsbury resolution—that while you had a small apartment house you would be aided in meeting increases in your rent by the big apartment houses?

Mr. VAN ANTWERP. I really believe I did not make such a statement.

Mr. MILLER. In the face of your letter ordering Mr. Britton and Mr. Horan of Apartments 8 and 7 to vacate on or before October 1, what will be your attitude if the Saulsbury resolution expires and there is no legislation following on that line?

Mr. VAN ANTWERP. Then I would just ask a fair proportion on it.

Mr. MILLER. And if they agreed to that of course you would permit them to stay on as your tenants?

Mr. VAN ANTWERP. Certainly.

Mr. MILLER. That is fair. I have no further questions.

TESTIMONY OF E. E. BRITTON (Recalled).

This witness had been previously sworn.)

Mr. MILLER. There is some statement you want to make, Mr. Britton?

Mr. BRITTON. Yes, sir. There are two or three little errors in Mr. Van Antwerp's testimony. I think on the whole he has made a very good statement, but he has evidently forgotten some things. As to General Dr. Grayson, I said he told me he lived in the house and he

thought the rent was \$30 to \$35, but he had no figures available. Dr. Grayson did stay in the house in an apartment opposite mine.

In the matter of repairs in the house, my statement was in regard to repairs in my room. The rain washed through the wall and washed a little paper off, and there was a little paper put on there and there was a glass broken, which Mr. Van Antwerp repaired. I know nothing about the other rooms. I suppose five or six dollars would cover all repairs for two years.

The kitchenette is now in a deplorable condition, owing to the old lining of the refrigerator and matters of that kind, which ought to be replaced.

When I refused to stand for the increased rent in 1918, Mr. Van Antwerp first admitted to me a lease renewing my rent to \$58 in place of the \$55 for the next year. We talked about it, and he was very hot under the collar and told me I acted dishonestly and unjust and all that sort of thing. When I told him I wouldn't pay the increase, he sent me a letter that I would be a tenant by the month and that instead of as heretofore looking out for the gas and electricity and rendering me a bill, that hereafter I could look out for myself.

The statement made about getting the big men to help out in getting an increased rent was made by him to me in the hallway at the time I had the last conversation with him about the rent. That I will swear to, and have sworn to.

The statement of Mr. Van Antwerp as to the rent he received for the house, according to my figures, if I have not made a mistake, his present rental is \$457 a month, and for 12 months it would make \$5,484, in place of \$3,000 and something.

As to the rent in the various apartments, Mr. Van Antwerp has given you the figures here, and there is one thing I can't understand about the first apartment. That is the choice apartment in the house I would rather have it than any other. It is on the first floor and a large apartment, and while it remains at \$47 when some are paying \$60 on the floor above I don't know. Mr. Van Antwerp did not increase his own rent.

MR. VAN ANTWERP. I would like to reply to that.

CHAIRMAN BALL. I think you might make your reply now, Mr. Van Antwerp.

MR. VAN ANTWERP. In regard to that apartment renting for \$47 that is for the simple reason that Dr. Jeffries has it, and he is a family physician and attends my wife, who frequently requires the services of a physician, and that is the reason for that. That difference in those figures, my figures were before the changes were made. The changes have been made since then.

MR. BRITTON. Number 5 was occupied by a young couple, and then he went to Philadelphia with the Shipping Board. Shortly after that he put in five young ladies. I think the young couple was paying \$48. He put in four girls, it was, instead of five, paying \$15 apiece. Mrs. Horan was in No. 7, paying \$28, with a notice to get out. Mr. Cassan is in No. 11, \$41. I understand the difficulty between Mr. Cassan and Mr. Van Antwerp, Mr. Cassan thinks himself he is going about the first of October, but he declines to sign an agreement that he will do it, and he and Mr. Van Antwerp are still settling the matters.

want to say that Mr. Van Antwerp does keep a nice place. There is plenty of heat and water. He keeps his hall clean and nice. But I don't think from the amount invested in the property he is getting very fair rent for it.

TESTIMONY OF F. R. VAN ANTWERP—Resumed.

Mr. Van Antwerp had been previously sworn.)

Mr. MILLER. What do you consider the value of your own apartment that you occupy?

Mr. VAN ANTWERP. Right now with this increased expense it is probably worth \$60.

Mr. MILLER. That would be \$720 a year?

Mr. VAN ANTWERP. Yes. That is the only pay I get for my work on my own time.

Chairman BALL. How many of these apartments do you furnish?

Mr. VAN ANTWERP. One.

Chairman BALL. Only one?

Mr. VAN ANTWERP. Yes, sir.

Mr. MILLER. Then, counting the value of that apartment in, it would show you had increased your rent more than ever, would it not?

Mr. VAN ANTWERP. Yes, I think my time is worth a good deal. I have been a civil engineer almost all my life, and I know how to do this work, the plumbing and everything, and painting.

Mr. Britton knows I do all that work myself, with the help of my assistant. That is all my pay for it. All I get out of it is a place to

TESTIMONY OF MRS. FRANKLIN GEOGHEGAN.

The witness was duly sworn by Chairman Ball).

Mr. MILLER. You may state your full name and residence?

Mrs. GEOGHEGAN. Mrs Franklin Geoghegan, 1430 Fairmount.

Mr. MILLER. That is the Fairmount Apartment?

Mrs. GEOGHEGAN. Yes, sir.

Mr. MILLER. And you are the owner of the Fairmount Apartment?

Mrs. GEOGHEGAN. Yes.

Mr. MILLER. Do you own any other apartments in the city?

Mrs. GEOGHEGAN. No, sir.

Mr. MILLER. How long have you owned the Fairmount?

Mrs. GEOGHEGAN. Ever since July 1, 1914.

Mr. MILLER. What did you pay for it?

Mrs. GEOGHEGAN. \$40,000.

Mr. MILLER. Did you pay cash?

Mrs. GEOGHEGAN. \$5,000 cash.

Mr. MILLER. And the rest in mortgages?

Mrs. GEOGHEGAN. Two mortgages.

Mr. MILLER. What was the rent you received in 1914 and 1915?

Mrs. GEOGHEGAN. In 1915 it was \$7,110.

Mr. MILLER. That was your total rent in 1915?

Mrs. GEOGHEGAN. Yes, sir.

Mr. MILLER. Does that include your own apartment or is that exclusive of your own apartment?

Mrs. GEOGHEGAN. I was not living there then.

Mr. MILLER. I will say for the benefit of the committee that the figures of the Assessor of the District of Columbia, based on the system of ascertaining the rental value, is \$6,306.

Mrs. GEOGHEGAN. That includes a furnished apartment.

Senator SHEPPARD. What interest do the mortgages carry?

Mrs. GEOGHEGAN. Six per cent.

Mr. MILLER. Will you read into the record the total amount of rent you received for the Fairmount Apartment beginning with 1915?

Mrs. GEOGHEGAN. In 1915 it was \$7,110; 1916, \$6,240; 1917, \$7,452; 1918, \$7,719.50; 1919, for the last eight months we have received \$6,481.

Mr. MILLER. You have received that for these eight months, and you will receive proportionately the same amount for the next four months?

Mrs. GEOGHEGAN. Yes, sir. We figured it the best we could.

Mr. MILLER. For two-thirds of the year 1919 you received approximately \$6,500?

Mrs. GEOGHEGAN. Yes, sir.

Mr. MILLER. At the same ratio for the full 12 months you would probably receive about \$8,700?

Mrs. GEOGHEGAN. Yes. That includes two furnished apartments.

Mr. MILLER. Apartments that were not furnished last year?

Mrs. GEOGHEGAN. One was furnished last year, and two this year.

Mr. MILLER. When did you begin furnishing your apartments so you could charge more rent?

Mrs. GEOGHEGAN. I did not furnish them so I could charge more rent, so I could meet my expenses.

Mr. MILLER. When did you begin to have furnished apartments? I didn't mean it in that sense.

Mrs. GEOGHEGAN. I don't remember exactly. I think it was in 1917, or 1916.

Mr. MILLER. Was the furniture put in new furniture?

Mrs. GEOGHEGAN. I put in absolutely new furniture.

Mr. MILLER. Have you made any request from your tenants for increased rents this year?

Mrs. GEOGHEGAN. Not this year.

Mr. MILLER. You don't intend to increase the rent after October 1, 1919?

Mrs. GEOGHEGAN. I do intend to increase it if I can do it, but of course I can't do it as long as the Saulsbury law is in effect.

Mr. MILLER. You have never intimated to them verbally or in any other way that you are going to increase after October 1?

Mrs. GEOGHEGAN. I have not.

Mr. MILLER. When did you make the last increase in your rents at the Fairmount?

Mrs. GEOGHEGAN. On the 1st of October, 1918, I asked them for their help, to help me a little with my expenses, because really I have been at a great loss. They all refused except three of them. One of them volunteered to give me \$10 more a month, another one \$7.50, and another one \$5. And there was one more, another one \$2.50.

Mr. MILLER. Did you accept them?

Mrs. GEOGHEGAN. Yes sir.

Mr. MILLER. They didn't accede to your request for the amount you asked for what reason?

Mrs. GEOGHEGAN. Simply because they said they were protected by the Saulsbury law, and it was my hard luck if coal had gone up and everything else, and I would have to get along the best I could.

Mr. MILLER. Have you any figures to show how your expenses went up for these years?

Mrs. GEOGHEGAN. I can't give you the figures. I can tell you verbally, approximately the amount.

Mr. MILLER. You mean the grand total of the operating expenses?

Mrs. GEOGHEGAN. For each year.

Senator SHEPPARD. Tell us how the expenses have gone up.

Mrs. GEOGHEGAN. The coal went up from \$3.90 a ton to \$8.75 winter before last, but last winter it was \$8.

Senator SHEPPARD. It is more than that now, is it not?

Mrs. GEOGHEGAN. No, sir. Soft coal is \$8 a ton. All of the expenses have increased over 100 per cent.

Mr. MILLER. I believe you said you could give us approximately the total figures for 1915 on down. Can you do that now?

Mrs. GEOGHEGAN. I think I can give you approximately the amount.

Mr. MILLER. All right, give it approximately.

Mrs. GEOGHEGAN. Well, I should say the running expenses would be \$3,000 in 1915.

Mr. MILLER. Give 1916.

Mrs. GEOGHEGAN. I couldn't do that. It increased gradually until they got up to \$5,500.

Chairman BALL. I think if she has not the exact figures she better not put them in, because it may be misleading to us.

Mr. MILLER. She has said that it went up from \$3,000 to \$5,500, from 1915 to 1918.

Chairman BALL. It is well enough to have that.

Mrs. GEOGHEGAN. I know those are about the exact figures.

Mr. MILLER. Have you ever discussed the Saulsbury resolution with any of your tenants?

Mrs. GEOGHEGAN. I think I have, but I couldn't remember just all of them. I suppose I have at different times.

Mr. MILLER. Was there any unpleasant discussion?

Mrs. GEOGHEGAN. I wouldn't say any very unpleasant discussion.

Mr. MILLER. Did you ever bring a suit against any of your tenants?

Mrs. GEOGHEGAN. Only for disorderly conduct. I had one tenant put out for disorderly conduct.

Mr. MILLER. That is not one that came before the committee?

Mrs. GEOGHEGAN. No, sir.

Chairman BALL. This will close the hearing for to-day. We will resume tomorrow afternoon at 2 o'clock.

(Thereupon, at 5.30 o'clock p. m. the committee adjourned until Thursday, August 28, 1919, at 2 o'clock p. m.)

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HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

THURSDAY, AUGUST 28, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA,

Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator Arthur Capper, presiding, in absence of Chairman Ball.

PRESENT: Senators Capper (acting chairman), Elkins, Sheppard, and Dial.

PRESENT ALSO: Mr. Thomas W. Miller.

Senator Capper. The committee will come to order. We will first hear Mr. John T. Meany.

TESTIMONY OF MR. JOHN T. MEANY, RENTAL AGENT FOR STONE & FAIRFAX.

(The witness was duly sworn by Senator Capper.)

Mr. MILLER. Mr. Meany, will you please give your full name, your address, and the firm you are connected with?

Mr. MEANY. My name is John T. Meany, and I am secretary of the corporation of Stone & Fairfax, real estate agents.

Mr. MILLER. That firm is located where?

Mr. MEANY. At 1342 New York Avenue.

Mr. MILLER. Mr. Meany, have you a list of the apartment houses for which you are agent?

Mr. MEANY. I have not a list. I can state them from memory.

Mr. MILLER. How many are there?

Mr. MEANY. About six.

Mr. MILLER. Will you please name them and give the places at which they are located?

Mr. MEANY. The Frederick Apartment House, at Ninth and K Streets, NW.; the Monticello Apartment House, at 3151 Mount Pleasant Street; the Cheshire, at 1755 Columbia Road; and there is another place at 2508 L Street NW., the name of which I can not recall right now.

Mr. MILLER. Then, your business is not in a large part agent for apartment houses, but more for the rental of houses and dwellings?

Mr. MEANY. Yes, sir.

Mr. MILLER. Please give the committee, if you have the figure with you, the rents that you charge for these four apartment houses.

Mr. MEANY. Well, I have not the total rents of each house.

Mr. MILLER. What have you with you in the way of figures?

Mr. MEANY. I have some figures there prepared on just dwelling houses.

Mr. MILLER. You have not any in connection with those four apartment houses?

Mr. MEANY. No, sir.

Mr. MILLER. Are you sufficiently familiar with them to discuss the rental values of those apartments today?

Mr. MEANY. I can tell you what apartments are renting for.

Mr. MILLER. Do you mean the total rentals you get for all these apartment houses?

Mr. MEANY. I can tell you what each individual apartment rent for.

Mr. MILLER. You can not tell us, for instance, what you get for the Frederick, the Monticello, the Cheshire and the other place you mentioned, the total rents?

Mr. MEANY. No, sir.

Mr. MILLER. Why did you not bring those figures with you?

Mr. MEANY. The bookkeeper is working on that data now.

Mr. MILLER. When can you furnish that?

Mr. MEANY. In a day or two.

Mr. MILLER. Can you go back over the years 1914 to 1919, inclusive?

Mr. MEANY. Yes, sir.

Mr. MILLER. Does it give also information showing the cost of maintenance and operation?

Mr. MEANY. It would in all but one house. In that house the owner buys his own supplies.

Mr. MILLER. We want that information here just as soon as you can get it together; on Saturday, if possible.

Mr. MEANY. All right, sir.

Mr. MILLER. What information have you about your houses with respect to rents?

Mr. MEANY. I had a statement made out about the increase in rents over 1914. There are some few increases in rents since that time.

Mr. MILLER. Let me see in what form you have that information. Are these all the houses you have?

Mr. MEANY. At the time this statement was made up. That was made in 1917.

Mr. MILLER. Does the committee want this put into the record at this point? It is a statement of the houses that Stone & Fairbank had for rent in 1917, and gives the rents that they got then and the rents that they get now.

Senator CAPPER. Yes; I think that should go into the record.

(The statement referred to is as follows:)

EXHIBIT "A."

Houses for rent by Stone & Fairfax in 1917—total number of tenants, 1,171; increases, 98; decreases, 48.

House No.	Rent prior to Sept. 30, 1916.	Rent now.	Increase.	Decrease.
25 H Street NW.....	\$37.50	\$35.00	.....	\$2.50
19 Q Street NW.....	30.00	32.50	\$2.50	.....
122 Rhode Island Avenue NW.....	65.00	70.00	5.00	.....
Co. 3, 1314 Fourteenth Street NW. ¹	22.50	25.00	2.50	.....
Co. 4. ¹	22.50	25.00	2.50	.....
Co. 15. ¹	22.50	25.00	2.50	.....
Co. 16. ¹	22.50	25.00	2.50	.....
Co. 17. ¹	22.50	25.00	2.50	.....
123 Fencil Street NW.....	45.50	50.00	5.00	.....
424 Pennsylvania Avenue NW.....	18.50	20.00	1.50	.....
42 U Street NW.....	25.50	30.50	5.00	.....
726 P Street NW.....	60.00	75.00	15.00	.....
33 Heckman Street SE.....	16.40	18.50	2.10	.....
513 Seventeenth Street NW.....	21.50	22.00	1.50	.....
.....	20.50	22.00	1.50	.....
478 Chapin Street NW.....	25.50	26.50	1.00	.....
Do.....	25.50	2.00	1.50	.....
255 K Street SE.....	10.50	12.50	2.00	.....
257 K Street SE.....	10.50	13.50	3.00	.....
5 Todd Place NE.....	19.50	20.50	1.00	.....
Do.....	19.50	20.50	1.00	.....
501 Caroline Street.....	22.50	25.50	3.00	.....
Co. 14 F Street.....	45.50	50.00	4.50	.....
127 Warder Street NW.....	25.50	30.50	5.00	.....
309 F Street NE.....	18.50	20.50	2.00	.....
622 Fourteenth Street NW.....	45.50	50.50	5.00	.....
21 Pennsylvania Avenue SE.....	27.50	28.50	1.00	.....
370 Columbia Road.....	50.75	42.50	.....	8.25
339 You Street NW. ¹	25.50	28.50	3.00	.....
Do. ¹	25.50	26.50	3.00	.....
241 You Street NW. ¹	25.50	28.50	3.00	.....
577 Holmead Place NW.....	30.50	32.50	2.00	.....
628 Thirteenth Street NW.....	22.50	27.50	5.00	.....
63 Twelfth Street NW.....	15.50	16.50	1.00	.....
363 Eighteenth Street NW.....	40.50	42.50	2.00	.....
366 North Carolina Avenue NE.....	16.50	17.50	1.00	.....
70 Morton Street NW.....	19.50	18.50	.....	1.00
1 Todd Place NE.....	18.50	20.50	2.00	.....
631 R Street NW.....	50.00	45.00	.....	5.00
17 K Street NW.....	45.50	42.50	.....	3.00
31 Massachusetts Avenue NE.....	40.75	42.75	2.00	.....
411 Adams Mill Road.....	50.00	55.00	5.00	.....
21 Twelfth Street NE.....	30.50	32.50	2.00	.....
23 Twelfth Street NE.....	30.50	32.50	2.00	.....
4 S Street NW.....	28.50	30.50	2.00	.....
304 Pennsylvania Avenue NW.....	32.50	35.00	2.50	.....
Apartment 32, Monticello ¹	40.50	42.50	2.00	.....
Apartment 31, Monticello ¹	40.50	42.50	2.00	.....
Apartment 4, Monticello ¹	30.00	32.50	2.00	.....
Apartment 41, Monticello ¹	40.50	42.50	2.00	.....
Apartment 41, Monticello ¹	28.50	30.00	1.50	.....
Fifth and Eye Streets NW.....	100.00	80.00	.....	20.00
610 Fourteenth Street NW.....	125.00	112.50	.....	12.50
339 Eighth Street NW.....	28.50	30.50	2.00	.....
1 B Street NW.....	20.50	14.50	.....	6.00
004 Eleventh Street NW.....	42.75	40.50	.....	2.50
35 H Street NW.....	65.85	55.00	.....	10.85
Co. T Street NE.....	22.50	25.00	.....	2.00
307 Eighteenth Street NW.....	40.50	50.00	9.50	.....
309 Eighteenth Street NW.....	42.50	50.00	7.50	.....
337 Sixth Street NW.....	17.50	19.50	2.00	.....
339 Sixth Street NW.....	17.50	19.50	2.00	.....
341 Sixth Street NW.....	17.50	19.50	2.00	.....
143 Sixth Street NW.....	17.50	19.50	2.00	.....
345 Sixth Street NW.....	15.50	17.50	2.00	.....
347 Sixth Street NW.....	15.50	17.50	2.00	.....
349 Sixth Street NW.....	15.50	17.50	2.00	.....
351 Sixth Street NW.....	15.50	17.50	2.00	.....
353 Sixth Street NW.....	15.50	17.50	2.00	.....
355 Sixth Street NW.....	15.50	17.50	2.00	.....
357 Sixth Street NW.....	15.50	17.50	2.00	.....
359 Sixth Street NW.....	15.50	17.50	2.00	.....
361 Sixth Street NW.....	15.50	17.50	2.00	.....
363 Sixth Street NW.....	15.50	17.50	2.00	.....
365 Sixth Street NW.....	16.50	18.50	2.00	.....
29 Newton Street.....	16.50	18.50	2.00	.....

¹ Apartments.

Houses for rent by Stone & Fairfax in 1917—total number of tenants, 1,17 increases, 98; decreases, 48—Continued.

House No.	Rent prior to Sept. 30, 1916.	Rent now.	Increase.	Decrease.
533 Newton Street	\$18. 50	\$20. 50	\$2. 00	.....
1803 Third Street NW				
1531 I Street NW	50. 00	55. 00	5. 00	.....
1533 I Street NW (rear)	12. 50	15. 00	2. 50	.....
710 G Street NE	15. 50	16. 50	1. 00	.....
38 W Street NW	32. 50	35. 50	3. 00	.....
1902 G Street NW	40. 50	43. 00	2. 50	.....
No. 2 Christiani ¹	35. 00	30. 50		\$
No. 3 Christiani ¹	35. 00	30. 50		
No. 4 Christiani ¹	35. 00	30. 50		
2005 Third Street NW	21. 50			
1751 U Street NW	40. 50			
2110 R Street NW	42. 50	47. 50	5. 00	.....
1708 Twenty-first Street NW	45. 00	50. 00	5. 00	.....
1482 Meridian Street	25. 50	28. 50	3. 00	.....
1532 Tenth Street NW	42. 50	50. 00	7. 50	.....
1 E Street SW	14. 50	12. 50		
3 E Street SW	13. 50	11. 50		
5 E Street SW	13. 50	11. 50		
7 E Street SW	13. 50	11. 50		
9 E Street SW	13. 50	11. 50		
11 E Street SW	13. 50	11. 50		
13 E Street SW	13. 50	11. 50		
15 E Street SW	13. 50	11. 50		
17 E Street SW	13. 50	11. 50		
19 E Street SW	13. 50	11. 50		
21 E Street SW	13. 50	11. 50		
8 Canal Street SW	13. 50	10. 50		
10 Canal Street SW	13. 50	10. 50		
12 Canal Street SW	13. 50	10. 50		
14 Canal Street SW	15. 50	12. 50		
16 Canal Street SW	15. 50	12. 50		
222 G Street NW	20. 50	17. 50		
224 G Street NW	20. 50	17. 50		
226 G Street NW	20. 50	17. 50		
228 G Street NW	22. 50	17. 50		
1764 K Street NW	42. 50	50. 50	8. 00	.....
1014 D Street NE	20. 50	25. 50	5. 00	.....
320 Twenty-second Street NW	16. 50	14. 00		
320 1/2 Twenty-second Street NW	16. 50	14. 50		
322 1/2 Twenty-second Street NW	16. 50	15. 50		
324 1/2 Twenty-second Street NW	16. 50	15. 50		
324 1/2 Twenty-second Street NW	16. 50	15. 50		
324 1/2 Twenty-second Street NW	16. 50	15. 50		
326 1/2 Twenty-second Street NW	16. 50	15. 50		
326 1/2 Twenty-second Street NW	16. 50	15. 50		
1227 Harvard Street	40. 50	45. 50	5. 00	.....
1751 Willard Street	21. 50	24. 50	3. 00	.....
Do	20. 50	22. 50	2. 00	.....
1117 Harvard Street	20. 50	22. 50	2. 00	.....
834 Thirteenth Street NW	50. 00	45. 00		
30 W Street NW	32. 50	35. 50	3. 00	.....
2325 N Street NW	15. 00	16. 00	1. 00	.....
Do	16. 00	17. 00	1. 00	.....
935 K Street NW	51. 00	55. 00	4. 00	.....
1634 Sixteenth Street	27. 50	30. 50	3. 00	.....
1407 Rhode Island Avenue	33. 50	37. 50	4. 00	.....
1228 Linden Street NE	15. 50	12. 50		
1778 Willard Street	20. 50	22. 00	1. 50	.....
431 Massachusetts Avenue	40. 50	42. 50	2. 00	.....
610 Elliott Street	14. 50	13. 50		
516 Twelfth Street, dwelling	48. 00	45. 00		
522 Second Street NW	40. 50	45. 50	5. 00	.....
1212 S Street	40. 50	43. 50	3. 00	.....
900 I Street SE	22. 50	25. 50	3. 00	.....
703 Tenth Street NE	20. 50	22. 50	2. 00	.....
1719 Fifteenth Street NW	40. 50	45. 50	5. 00	.....
1005 U Street	16. 50	18. 50	2. 00	.....
1007 U Street NW	16. 50	18. 50	2. 00	.....
1745 U Street	37. 50	32. 50		
1714 U Street NW	40. 50	38. 00		
1304 I. Street NW	32. 50	35. 50	3. 00	.....
807 Sixth Street NW	27. 50	30. 50	3. 00	.....
	\$4, 007. 00	\$4, 128. 25	\$285. 60	\$1

¹ Apartments.

Mr. MILLER. Does the committee care to discuss this with Mr. Meany?

Senator CAPPER. I would like to ask Mr. Meany if there has been any conference at any time between the members of his firm as to the general policy of advancing rents. What has been the attitude of the firm in that matter?

Mr. MEANY. Well, we have talked it over. Of course, we realize that there should be some increase in rents to meet the big increase in cost of repairs.

Senator SHEPPARD. There are other elements of expense that have also increased besides repairs, are there not?

Mr. MEANY. Repairs and fuel and service.

Senator CAPPER. Did you adopt a general policy of increasing all rents that come under your control?

Mr. MEANY. No, sir; we talked the matter over and we thought we would take up each individual case and go into the facts regarding that case, and then agree on what we could do with it.

Senator CAPPER. About what part of the properties under your control were advanced in rents?

Mr. MEANY. Were advanced?

Senator CAPPER. Yes; about what percentage?

Mr. MEANY. Very few.

Senator CAPPER. A comparatively small number?

Mr. MEANY. Yes, sir.

Senator SHEPPARD. How about the coming year?

Mr. MEANY. We have written to some of our tenants and explained to them the great increased cost in maintenance and asked them to assist us in maintaining the rents.

Senator SHEPPARD. But you have not made a general increase for the next year?

Mr. MEANY. No, sir.

Senator SHEPPARD. How do you figure your rents; that is, in connection with the amount of investment involved? What percentage do you attempt to obtain on the property from rents?

Mr. MEANY. Well, we do not have any exact standard about that. Most of the owners fix the rents and we try to get those rents for them.

Senator SHEPPARD. As a rule, what percentage do your owners get on their capital invested?

Mr. MEANY. Well, some property does not pay 5 per cent.

Senator SHEPPARD. What would you say was the maximum. I suppose 5 per cent would be the minimum?

Mr. MEANY. Well, I think somewhat less than that?

Senator SHEPPARD. Somewhat less than 5 per cent?

Mr. MEANY. Yes, sir.

Senator SHEPPARD. What would you say would be the maximum?

Mr. MEANY. I judge about seven or eight per cent.

Senator SHEPPARD. Does that apply to residences as well as apartments?

Mr. MEANY. Yes, sir.

Senator SHEPPARD. When the increases become operative for next year will they increase that figure any?

Mr. MEANY. Not in some cases because the houses need considerable repairing. There has not been very much work done in the last

two years, and it has now got to the point where repairs must be made, and this increase will be more than wiped out by the repairs necessary to be made.

Senator SHEPPARD. Is that the general condition in connection with most of the increases?

Mr. MEANY. Yes, sir; most all houses.

Mr. MILLER. Right at that point is it not true, Mr. Meany, that the real estate agents of the District are putting a clause in their leases requiring for the first time tenants to make repairs?

Mr. MEANY. We have not put that in any of our leases.

Mr. MILLER. Can you give the committee any information to show whether it is going to be the general practice to have a clause put in the leases compelling tenants to make minor repairs?

Mr. MEANY. So far as I know there has been no general understanding about that.

Mr. MILLER. Well, have you heard of any understanding of any character, general or otherwise, along that line?

Mr. MEANY. No, sir; I have not.

Mr. MILLER. Have you heard of a new clause being put in whereby if the property is sold the contract shall be invalid, and after thirty days' notice the tenants will have to leave the house?

Mr. MEANY. We have made leases to the effect that in case the property is sold the tenants will vacate on a 60 days' notice.

Mr. MILLER. Is that a new clause you put in?

Mr. MEANY. It is not new; it has been used for a long time.

Mr. MILLER. The list of houses that you submitted a while ago those are the houses that you had in 1917?

Mr. MEANY. Yes, sir.

Mr. MILLER. No houses are shown on that list that you took in 1918 or 1919 for which the rent may have been raised?

Mr. MEANY. No, sir.

Mr. MILLER. Have you very many of those?

Mr. MEANY. Not very many; we have some.

Mr. MILLER. Well, the committee would like you to give that information at the time you give the other data.

Mr. MEANY. All right, sir. I will have the auditor of the company come down here with those figures.

Mr. MILLER. We want that information submitted at the same time that the information is submitted in connection with the houses.

Mr. MEANY. Yes, sir.

Mr. MILLER. The cost of labor has gone up, has it now, since 1916?

Mr. MEANY. Yes, sir; very much.

Mr. MILLER. How much, approximately?

Mr. MEANY. I judge at least 50 per cent.

Mr. MILLER. As you handle only 4 apartments, according to your testimony, your firm is not faced with a labor increase to any great extent?

Mr. MEANY. No, sir.

Mr. MILLER. Can you tell us about other expenses that have gone up in connection with those four apartments?

Mr. MEANY. The fuel bill has increased more than 100 per cent. The storage of coal has increased about 300 per cent.

Mr. MILLER. How about paints and varnish?

Mr. MEANY. They have increased over 100 per cent.

Mr. MILLER. Then, as I understand it, you are not in a position to give the committee much information about apartment houses in the city? Your specialty is the rental of dwelling places?

Mr. MEANY. Yes, sir.

Mr. MILLER. Do you know anything about the Real Estate Brokers' Association?

Mr. MEANY. I know about it in a general way, yes, sir.

Mr. MILLER. You have no official connection with it, though, except as a member?

Mr. MEANY. No, sir.

Senator CAPPER. Who are the officers of this Real Estate Brokers' Association?

Mr. MEANY. Mr. Fairfax is the president, Mr. Herbert Shannon is vice-president, and Mr. Charles Shreeve is secretary. Mr. Rust has a position, but I do not know exactly what his position is.

Senator CAPPER. How large a list of unoccupied properties have you now for rent?

Mr. MEANY. We have very few. I think we have about two vacant houses at this time.

Senator CAPPER. That is the smallest number you have ever had, is it?

Mr. MEANY. Yes, sir.

Senator CAPPER. Take the year 1915, for instance, what would be the number you probably had then at this time of the year?

Mr. MEANY. I remember one time we had about a column in the Evening Star.

Mr. MILLER. Have any of the apartment houses or dwellings that you know of been allowed to run down and get out of repair due to the fact that labor was high and it cost more to improve them?

Mr. MEANY. Yes, sir; quite a number.

Mr. MILLER. When they came to put those buildings in repair, it probably cost more than it would have cost to have repaired them in the beginning?

Mr. MEANY. Very much more, because labor and material have increased.

Mr. MILLER. Well, do you think that the increase will be felt by the tenant who is renting those apartments in the future?

Mr. MEANY. I do not think it will because most tenants have a larger income now than they had.

Mr. MILLER. What we wanted to bring out was that on account of these repair being made, costing more at this time, it might be used as a reason for raising rents much higher than the prewar rents.

Mr. MEANY. Well, that is the reason that rents are being increased, where the tenants will agree to it.

Mr. MILLER. Can you explain why such exorbitantly high rates are being charged?

Mr. MEANY. I have not had experience with exorbitantly high rents. We are trying to get the tenants to help us out with a small increase.

Senator DIAL. About what increase do you think would be right, Mr. Meany?

Mr. MEANY. I judge in the neighborhood of about 25 per cent.

Senator DIAL. Are there many new buildings going up now in the city?

Mr. MEANY. Yes sir; there are quite a number.

Senator DIAL. You mean 25 per cent over prewar prices?

Mr. MEANY. Yes sir.

Mr. MILLER. You do not think an increase of 10 per cent would be fair to the owners?

Mr. MEANY. I think it would not be enough.

Mr. MILLER. If people were able to make money out of their houses and apartments during the war period when there were a number of vacant houses and apartments and conditions were slack here, are they not making more money now when the houses and apartments are full?

Mr. MEANY. Well, the owners of apartment houses were not making money; they were losing money when they had the vacancies.

Mr. MILLER. It has been testified that they charged a certain rate so they would get a certain percentage of returns, and some of them must have been making money or they could not have run on from year to year at a loss.

Mr. MEANY. Well, conditions were very unsatisfactory to owners at that time.

Mr. MILLER. Are conditions now satisfactory for the owners to make up for the slack time before the war?

Mr. MEANY. I do not think that is the general desire. I think the desire is to make the investment pay something now.

TESTIMONY OF MR. GEORGE F. HUNT, REPRESENTING SWARTZELL, RHEEM & HENSEY.

(The witness was duly sworn by Senator Capper.)

Mr. MILLER. Mr. Hunt, will you give your full name and the name of the firm that you represent?

Mr. HUNT. George F. Hunt. I represent the firm of Swartzell Rheem & Hensey, 727 Fifteenth Street NW.

Mr. MILLER. How many apartments are you agent for, Mr. Hunt?

Mr. HUNT. We have about 12.

Mr. MILLER. Have you a list there so you can put them in the record?

Mr. HUNT. No, sir.

Mr. MILLER. Why have you not got such a list?

Mr. HUNT. I did not know that you wanted such a list.

Mr. MILLER. Can you give them for the record, stating their addresses?

Mr. HUNT. Yes, sir.

Mr. MILLER. Please do so.

Mr. HUNT. The Dresden, 2228 Kalorama Road; the Cavendish 1628 Columbia Road; the Earlington, 3033 Sixteenth Street; the Wellington, Seventeenth and Park Road; the Duquesne, 1489 Newcomb Street; the Isabella, 1483 Newcomb Street; the La Fontaine Courts, Fourteenth and Fairmount Streets, the Cumberland, 1335 Massachusetts Avenue; the Brunswick, 1332 I Street; the Cambridge, 510 I Street; 1316 New Hampshire Avenue; and the Cameron, Vermont Avenue and T Street. I think that is all.

Mr. MILLER. Have you some figures there showing the amount of rents you have collected from those apartment houses for the years 1914 to 1919, inclusive?

Mr. HUNT. Not on all of them.

Mr. MILLER. What have you there?

Mr. HUNT. I have one in the case of the Cavendish.

Mr. MILLER. Will you be able to give the committee for all your apartments figures similar to those that you have given for the Cavendish?

Mr. HUNT. It will take a little time to do that; it is quite a lot of work; but I shall be glad to furnish them.

Mr. MILLER. We would like to get as soon as possible the amount of annual rent you got from all these apartments from 1914 down to and including your last fiscal year.

Senator SHEPPARD. And ask him for the net for the coming year.

Mr. MILLER. Yes; and indicate also any increases you ask for the coming year. We do not want it divided by individual apartments, but we want the total rents you get from each apartment house. Now, the Cavendish at 1628 Columbia Road, is one that I want you to tell the committee about. Give them the total amount of your rentals for the period from the year 1914 to date, or, if the committee would prefer I can have that information put into the record at this point. It would save time.

Senator CAPPER. All right; put it in the record at this time.

(The information referred to is as follows:)

EXHIBIT A.

The Cavendish, 1628 Columbia Road NW.

	Collections.	Fuel.	Light.	Repairs.	Salaries.	Sundries.	Taxes.	Commis- sion.	Water.
1914.....	\$16,040.63	\$1,139.66	\$524.85	\$375.62	\$400.00	\$693.42	\$1,349.49	\$478.89	\$203.46
1915.....	15,640.75	923.80	510.50	1,232.14	600.00	592.87	1,465.95	479.73	191.06
1916.....	16,592.25	1,134.26	570.04	2,059.23	600.00	678.84	1,465.95	496.80	193.96
1917.....	17,345.50	1,551.35	592.49	1,801.25	620.00	862.44	1,465.95	520.39	218.02
1918.....	18,068.00	1,984.89	589.39	1,887.79	735.00	968.15	1,390.95	542.67	205.46
1919.....	10,903.50	928.61	343.67	855.84	490.00	580.20	1,890.95	327.13	156.96
	94,610.53	7,562.57	3,130.94	8,211.89	3,645.00	4,375.93	8,529.24	2,838.61	1,168.96

				Payments to—		
				Swartzell, Rheem & Hensey Co.	Harry Wardman.	Washing- ton Loan & Trust Co.
1914.....				\$2,773.23		
1915.....				8,327.68		
1916.....				9,461.15		
1917.....				8,810.05	\$1,628.35	
1918.....				2,500.00	4,036.50	\$4,125.00
1919.....					2,862.50	2,062.50
				31,878.11	8,597.35	6,187.50

EXHIBIT B.

Recapitulation.

1914:			
	Collections.....	\$16, 040. 63	
	Disbursements.....	8, 138. 63	
			Cr.—\$7, 902. 00
1915:			
	Collections.....	15, 640. 75	
	Disbursements.....	14, 314. 73	
			Cr.— 1, 326. 00
1916:			
	Collections.....	16, 592. 25	
	Disbursements.....	16, 662. 25	
			Dr.— 70. 00
1917:			
	Collections.....	17, 345. 50	
	Disbursements.....	18, 076. 29	
			Dr.— 730. 79
1918:			
	Collections.....	18, 088. 00	
	Disbursements.....	18, 865. 80	
			Dr.— 777. 80
1919:			
	Collections.....	10, 903. 50	
	Disbursements.....	9, 998. 40	
			Cr.— 905. 10

Senator SHEPPARD. Do you show there what you are asking for the coming year for apartments in the Cavendish?

Mr. HUNT. No, sir.

Senator SHEPPARD. Can you state that now from memory, or will you have to furnish that information later?

Mr. HUNT. I have here a list with the schedules of the rentals asked for next year that I would like to keep, because it is the only one that I have.

Senator SHEPPARD. The rents you have asked for the coming year?

Mr. HUNT. Yes, sir.

Senator SHEPPARD. In connection with all your apartments?

Mr. HUNT. No, sir; only the Cavendish.

Senator SHEPPARD. Have you the total there?

Mr. HUNT. Yes, sir.

Senator SHEPPARD. What is the increase over this year?

Mr. HUNT. The present total monthly rentals there amount to \$1,552.

Senator SHEPPARD. And you are asking what for next year?

Mr. HUNT. \$1,915.

Senator SHEPPARD. Well, that gives us some idea. You can send us a copy of that?

Mr. HUNT. I will send you a copy of this.

Senator CAPPER. How much did you increase the rents last year?

Mr. HUNT. We have not made any increases.

Senator CAPPER. There have been no increases since previous to the war?

Mr. HUNT. No, sir.

Mr. MILLER. What percentage of increase are you asking for next year?

Mr. HUNT. It figures about 20 per cent.

Mr. MILLER. There is an instance in your apartment at 1625 Columbia Road where you are asking for an increase from \$28.50 to \$50. That is not over 20 per cent.

Mr. HUNT. On that particular apartment it is, but we are equalizing rents in the building.

Mr. MILLER. Have you requested an increase in rents from your tenants since the Saulsbury resolution went into effect?

Mr. HUNT. Only a very few.

Mr. MILLER. Why only a very few?

Mr. HUNT. We have been reluctant about increasing our rentals until we have some definite legislation upon which to go, and the owners of the properties have been soliciting us to take up these matters, but we have so far been able to hold these things down.

Mr. MILLER. Why have you increased only a few?

Mr. HUNT. Only in the cases where the owners instructed us to.

Mr. MILLER. You mean in the case of a few apartment houses?

Mr. HUNT. Yes; a few apartment houses.

Mr. MILLER. What sort of compliance did you have from your tenants?

Mr. HUNT. In the case of the Dresden apartment house we increased the rentals on that building last year 10 per cent. When the question of allowing those leases this year was taken up with the owners, the owners wanted to make a further increase, but I succeeded in getting them not to because I showed them that in that case that the 10 per cent that we had gotten out of them last year was ample and sufficient. We have a policy on that building of very liberal repairs. We would go into that building and change the paper in a room and do some painting if the people just merely asked that it be done, but we had to curtail that liberal policy.

Mr. MILLER. Have you copies of any letters or notices that you sent out to your tenants about an increase?

Mr. HUNT. I have not with me; no, sir.

Mr. MILLER. Has it been the policy of your firm to call the Saulsbury resolution to the attention of any of your tenants?

Mr. HUNT. We submitted them leases in the few cases that we did send out leases and sent letters along with those leases, stating that we felt that the increase was reasonable and just, and if they thought so to sign the lease and return it to us. I have one letter there that I have just written that I didn't speak about. It was in reply to an owner in the Earlington apartment house.

Mr. MILLER. In other words, this letter that you sent out under date of August 5, 1919, is a sample letter to your tenants?

Mr. HUNT. No. Those letters would be taken up in each case as it came up.

Mr. MILLER. I would like to insert that letter of August 5, 1919, in the record at this point.

(The letter referred to is as follows:)

EXHIBIT C.

SWARTZELL, RHEEM & HENSEY CO.,
Washington, D. C., August 5, 1919.

Mr. CHAS. E. CLAPP,
100 Central Park South, New York City.

DEAR Mr. CLAPP: Replying to your letter upon the subject of the most recent interpretations of congressional control in the matter of renting property, we desire to say that there has been no change recently with regard to Washington property and there is no possibility of increasing rents by law, except with the

consent of the tenants, until 90 days after the final conclusion of peace, which means the ratification of the peace treaty by the United States Senate.

It is our intention to submit to all the tenants in the Earlington, this coming October, leases at a 10 per cent increase on their present rentals. This we think fair under present conditions and believe that the majority of the old occupants will agree with us and sign on that basis. This, of course, is with the understanding that no repairs are to be made excepting those absolutely necessary.

In cases where apartments become vacant and new tenants are obtained the rent will be higher, thus allowing for modest and reasonable repairs.

With kind regards, we remain,

Yours, very truly,

SWARTZELL, RHEEM & HENSEY Co.,

By G. W. F. SWARTZELL, *President*.

Mr. MILLER. I notice in this letter that you state 10 per cent increase on present rentals is a fair amount.

Mr. HUNT. Yes, sir.

Mr. MILLER. You have heard the testimony of another witness who said that was too small, have you not?

Mr. HUNT. Yes, sir.

Mr. MILLER. Can you give the committee any information as to what the apartment rents for about which you wrote to Mr. Charles E. Clapp?

Mr. HUNT. That building was built in 1908 and was scheduled to rent for \$18,000, but it is now renting for a little over \$16,000. There have been no increases put on that building.

Mr. MILLER. But, in your opinion, 10 per cent is a fair increase?

Mr. HUNT. I would further state that 10 per cent would be a fair and reasonable increase under present conditions with the understanding that no repairs are to be made. I mean by that decorative repairs, painting and papering. Of course, to keep the physical condition of the building up there is a certain amount of repairing that you have to do.

Mr. MILLER. Can you answer questions about the Cavendish, or is the owner, Mr. Stein, here?

Mr. HUNT. I tried to get him, but he was not in when I went by for him.

Mr. MILLER. You do not know what Mr. Stein paid for that apartment?

Mr. HUNT. I have not any idea.

Mr. MILLER. There would not be any use in discussing that, then, if you have not the figures.

Senator CAPPER. Does Mr. Stein own all these apartments?

Mr. HUNT. No, sir.

Senator CAPPER. I believe you have 12 apartments?

Mr. HUNT. Yes, sir.

Senator CAPPER. Which one is the best paying property that you have under your charge?

Mr. HUNT. Well, I should say the Dresden Apartment House.

Senator CAPPER. What net percentage do you think that pays the owner?

Mr. HUNT. On its present rental, it pays about 7 per cent net.

Senator CAPPER. It runs somewhere around 6 or 7 per cent on most of them?

Mr. HUNT. No, sir; some of them run less than that; some 5 and some less than 5 per cent.

Senator CAPPER. Three years ago, before the war, what were these same apartment houses probably paying?

Mr. HUNT. I do not care to hazard a guess on that with respect to that building, but my guess would be about 6 per cent.

Senator CAPPER. Where they are now getting about 7 per cent they were probably getting about 6 per cent at that time?

Mr. HUNT. Yes, sir.

Mr. MILLER. Is it the intention of your firm to discriminate in any way against your tenants who may have taken advantage of the Saulsbury resolution?

Mr. HUNT. Absolutely not, sir.

Mr. MILLER. You have not intimated to them at any time that that may be done?

Mr. HUNT. We have never under any conditions sent leases under threats or duress or anything of that sort.

Mr. MILLER. Have you at any time had any trouble with any of your tenants with respect to the heating or janitor service in any of your apartments?

Mr. HUNT. We have trouble with them when there is not sufficient heat there. They complain to us about it, and we in turn have had trouble with our help in the buildings, but it is our aim to keep the buildings properly heated.

Mr. MILLER. Did you bring any suits to dispossess any of your tenants last year?

Mr. HUNT. Not in a single case.

Mr. MILLER. You think 10 per cent is a fair increase on the apartment house?

Mr. HUNT. On that building; yes, sir.

Mr. MILLER. Are there other apartment houses for which you are agent for which you are raising the rents more than 10 per cent?

Mr. HUNT. Only in the case of this apartment, the Cavendish.

Mr. MILLER. And the per cent there is about 20?

Mr. HUNT. It averages about 20 per cent.

Mr. MILLER. In other words, your figures are more or less at variance with the witness representing the firm of Stone & Fairfax who just preceded you?

Mr. HUNT. My percentage of 20 carries with it conditions of repairs.

Mr. MILLER. But he testified that he thought 30 per cent was a proper increase at this time.

Mr. HUNT. I do not know what the physical conditions of his properties are.

Mr. MILLER. I wanted to bring out the difference in the testimony of the two witnesses.

Senator CAPPER. Are there waiting lists on all these apartment houses of yours?

Mr. HUNT. We are not keeping a waiting list. We are being besieged every day for quarters, but we are not able to supply the people.

Senator CAPPER. The indications for the 30 days previous to October 30 next are that there will be a greater demand than ever before?

Mr. HUNT. I do not know that there will be a greater demand than last year, but there is very little difference, so far as I can see over last year.

Mr. MILLER. Mr. Hunt, what is the total amount of rental value that you figure you should obtain on the Cavendish for the next fiscal year?

Mr. HUNT. The total monthly rental that I suggested was \$1,785.50.

Mr. MILLER. What did the owner, Mr. J. M. Stein, tell you to charge?

Mr. HUNT. \$1,915.

Mr. MILLER. In other words, you as a real estate man who should know your business figured that the fair monthly rental from the whole apartment would be \$1,785.50, but Mr. Stein insisted on you charging your tenants a total of \$1,915?

Mr. HUNT. He only thought that his figures there were reasonable and he instructed me to send leases at those rates.

Senator ELKINS. What kind of coal do you burn?

Mr. HUNT. Bituminous, soft coal.

Senator ELKINS. When do you buy, as you need it?

Mr. HUNT. I am filling up the bins now.

Senator ELKINS. What do you have to pay?

Mr. HUNT. I signed the first contract that I have been able to sign for the last two years at \$7.50 a ton, plus 75 cents a ton for storing.

Senator ELKINS. From whom do you buy it?

Mr. HUNT. W. W. Griffith.

Senator ELKINS. Where does he get the coal?

Mr. HUNT. I do not know. I think he gets his coal from the Consolidated mines.

Senator ELKINS. How is the coal this year compared with that of last year?

Mr. HUNT. Well, I have not had a chance to test any of it out.

Senator ELKINS. I mean with regard to price.

Mr. HUNT. It is a little lower this year than last year. Last year it ran me over \$9 a ton all during the winter.

Senator ELKINS. Do any of them use hard coal?

Mr. HUNT. Only for hot-water heating purposes. May I make a further statement?

Senator CAPPER. Yes; go right ahead.

Mr. HUNT. The highest price that I ever paid for coal was \$3.65 a ton in our bins up to three years ago.

Senator ELKINS. You mean in the house?

Mr. HUNT. In these apartment houses. That is the highest price I paid, but it jumped three years ago and has been up ever since. It dropped down a little this year.

Senator ELKINS. None of them use hard coal?

Mr. HUNT. Only for hot-water heating purposes. It does not run in any one of our buildings over 4 tons of coal a month, but the average for the soft coal is anywhere from 1 to 3 tons a day.

TESTIMONY OF WILLIAM E. RICHARDSON.

(This witness was duly sworn by Senator Capper.)

Mr. MILLER. Mr. Richardson, will you give your full name and the name of the firm you represent and its address?

Mr. RICHARDSON. My name is William E. Richardson. I am treasurer of the Union Realty & Investment Co. if that is the information you want.

Mr. MILLER. That is what I mean. Where is their place of business?

Mr. RICHARDSON. 912 Evans Building.

Mr. MILLER. That is known as the Realty & Investment Co., is it not?

Mr. RICHARDSON. Yes.

Mr. MILLER. What is the business of that firm?

Mr. RICHARDSON. Well, that is a company that has no business other than owning and operating two apartment houses.

Mr. MILLER. Two?

Mr. RICHARDSON. Yes.

Mr. MILLER. What are the names of them?

Mr. RICHARDSON. Copley Courts at 1714 Seventeenth Street, and the Willard Courts at 1916 Seventeenth Street.

Mr. MILLER. Have you figures there to show the amount of rent charged for those apartments from year to year?

Mr. RICHARDSON. Well, I have only figures for the time since the company acquired the property.

Mr. MILLER. When did the company acquire the property?

Mr. RICHARDSON. On January 15 of this present year.

Mr. MILLER. You had nothing to do with either of those apartments before that time?

Mr. RICHARDSON. Not directly. I was attorney for the owners of the property prior to that time, Mr. John N. Ruth.

Mr. MILLER. Have you figures there to show what you get as a total annual or monthly rental out of both of those apartments?

Mr. RICHARDSON. Yes. The rental from the time we acquired the property—

Mr. MILLER. Well, can you give that information for the Copley Courts and then for the Willard Courts separately?

Mr. RICHARDSON. I can not give them separately. Those properties are run as one unit. I can have it figured out, of course, and give you the amounts.

Mr. MILLER. These figures you have there represent what?

Mr. RICHARDSON. They represent the total income of the company. The rents from January 15, 1919, to September 1, 1919, amounted to \$40,832.03; telephones, \$1,887.87; total, \$42,519.91.

Mr. MILLER. Those are your total receipts from those two apartments since you took them over?

Mr. RICHARDSON. Yes, sir.

Mr. MILLER. Have you any knowledge as to the receipts the former owners derived from those two apartments?

Mr. RICHARDSON. Yes; I know that the rent schedule prior to October 1, 1918, was sixty-eight thousand and a few odd dollars per year. I want to call your attention to this fact, that in the District of Columbia most apartment houses raised their rents on October 1, 1917, and in this particular case that raise was not made. There was no raise there from the original schedule until October 1, 1918.

Mr. MILLER. Have you requested or asked for a raise from your tenants for the year beginning October 1, 1919?

Mr. RICHARDSON. We have not asked in any general way for a raise. When some tenants have inquired about the rents, and we have told them of a schedule which we have fixed upon.

Mr. MILLER. Did you not state to Mr. Edwin L. Finch, who live in Copley Courts, that he was to pay \$60 per month after October 1

Mr. RICHARDSON. Personally, I did not, but I want to make statement as to that particular case, as I am familiar with some of the facts.

Mr. MILLER. Did you write him a letter, or did anybody interested in the apartment write him a letter?

Mr. RICHARDSON. Well, the manager may have written him a letter I do not know. He is present and will answer for himself.

Mr. MILLER. The owner?

Mr. RICHARDSON. The manager.

Senator SHEPPARD. I believe you said you wanted to make a statement about this case?

Mr. RICHARDSON. Yes. We found after taking the properties over on January 15 that some of the tenants had signed leases agreeing to pay certain amounts as monthly rental, and they paid those amounts and were handed back by the former owner certain amounts ranging from \$2.50 to \$12.50 a month. When we bought the properties we had a great deal of difficulty, for reasons best known to themselves and the former owner, about this secret understanding. Mr. Finch was one of these parties, and the amount that he testified to the other day as paying at that time was not the amount called for in his lease which was assigned to us. Furthermore, Mr. Finch has sublet his apartment to a Maj. Newnan, I think the name is, who was also a tenant in the building. I say that in reference to Mr. Finch's case. I did not hear his testimony and have not seen a transcript of it, but I want to state those facts in connection with Mr. Finch.

Mr. MILLER. Have you at any time intimated to your tenants that after the Saulsbury resolution expires they might expect an increase?

Mr. RICHARDSON. No. I have no recollection of any instance of that kind.

Mr. MILLER. Well, what is it, then?

Mr. RICHARDSON. I see quite a number of tenants from time to time. They come into my office to see me about the matter, and I have had quite long talks with some of these parties. The only increase over prewar prices made in these apartments was made in October, 1918, and the owner then charged a 10 per cent increase. Less than 20 per cent agreed to the increases. A great many of them paid no increase at all, and some from 2 to 6 per cent, and a number of inquiries are made about the rents, and I have told the tenants that we were waiting until we could find out by running the business for a period of at least a year what the expenses of the company were, and then we could determine what a reasonable price would be. I have made the further suggestion to a number of the tenants that if they would form some kind of a committee and go over with us the expenses of running the apartment that we would reach an agreement about the rents and not fix any schedule ourselves.

Mr. MILLER. Then, you have not notified your tenants that after October 1 they may expect to pay an average of \$20 per month and \$12.50 per month for kitchen or bath in addition thereto?

Senator SHEPPARD. You mean that much increase?

Mr. MILLER. No; total per room.

Mr. RICHARDSON. I have not notified the tenants to that effect, but as a matter of fact in our company in discussing it that is what we have decided on.

Senator SHEPPARD. What percentage of increase would that be?

Mr. RICHARDSON. That would be a percentage of just a little short of 30.

Senator SHEPPARD. Why did you deem it necessary to do that?

Mr. RICHARDSON. We based that on the actual money that we have paid out for operating expenses and our interest on our encumbrance.

Senator SHEPPARD. What do you figure would be your net return on investment after this increase goes into effect?

Mr. RICHARDSON. There will be practically no return on the investment on this schedule.

Senator SHEPPARD. You mean no increased return.

Mr. RICHARDSON. No return whatever.

Senator SHEPPARD. Do you mean you will not make anything on these apartment houses?

Mr. RICHARDSON. This is based on the actual return on the moneys expended in operating the properties. I might say that we had figured an increased schedule beyond the one mentioned, in order to make a profit on the operations, and then decided that under present conditions we were willing to operate the properties without any return on our investment if we could make the properties pay the expenses.

Senator SHEPPARD. I mean a return on the whole investment.

Mr. RICHARDSON. That figures the per cent which we have to pay; 5½ per cent on one loan and 6 per cent on another loan, and the ordinary operating expenses, taxes, repairs, and pay to the employees, and also various items of expense in connection with operating an apartment house.

Senator SHEPPARD. You figure, then, that the increase will just about absorb your increased expense?

Mr. RICHARDSON. It is figured for that purpose. I have the figures right here. I have them itemized.

Senator SHEPPARD. Will you leave those figures with us?

Mr. RICHARDSON. Yes, sir.

(The figures referred to are as follows:)

EXHIBIT A.

Payments as shown by checks, and bills payable.

Wages:		
Paid.....	\$11,335.75	
Paid out of P/C.....	147.88	
		\$11,482.93
Coal:		
Paid.....	2,242.70	
Note.....	1,000.00	
Current bills.....	449.00	
		3,691.70
Repairs and office supplies:		
Paid.....	3,614.44	
Paid out of P/C.....	258.59	
Due.....	990.92	
		4,863.95

Telephone:

Paid.....	\$1, 335. 40
Due.....	242. 28

\$1, 577. 68

Gas: Paid..... 23. 34

Insurance: Paid..... 510. 00

Electricity: Paid..... 1, 018. 34

Water rent: Paid..... 328. 24

Office rent: Paid..... 120. 00

Miscellaneous:

Extending loan..... 2, 505. 00

Recording deed trust..... 9. 35

Moving..... 6. 00

Sign painting..... 3. 00

Bonds (printing)..... 490. 00

Bonds (issuance)..... 325. 61

Franchise tax..... 5. 00

State tax..... 2. 00

Advertising..... 52. 58

Stamps, telegrams, etc..... 74. 73

Refunds of deposits..... 215. 50

Revenue stamps..... 204. 30

3, 893. 07

Taxes:

Paid (\$4,616.55)

Proportion for seven and one-half months..... 2, 885. 33

Interest indebtedness..... 23, 593. 75

Total..... 53, 988. 31

Senator CAPPER. Most apartments in this city are doing better than that, are they not?

Mr. RICHARDSON. I might say to the Senator that we made this proposition: these apartments have been run with almost hotel facilities. We have 23 employees in the two buildings. We were paying a janitor at Copley Courts \$45 a month. We now have to pay him \$100 a month. The average increase in compensation of those 23 employees is 100 per cent. It is costing eighteen thousand and some odd dollars, as shown by the figures, per year to pay the salaries of our employees. In addition to that we have made repairs. We have not let the buildings run down. Copley Court uses an average of 3 tons of coal per day. We use 600 tons of coal a year in Copley Courts and about 400 tons in Willard Courts. That amounts to \$8,500. Coal is costing us under contract with the Alleghany Coal Co. \$7.75 a ton and it costs us \$0.75 a ton to put it in, making \$8.50 a ton.

Senator ELKINS. Are you buying it now?

Mr. RICHARDSON. We are. We made a contract for \$7.75 a ton for the year, but not stored. It costs us \$0.75 a ton for storage. That makes \$8.50 a ton.

As to repairs. I made inquiry of the company who was doing our repair work on the elevators and found that we are paying from 150 to 200 per cent increase in repairs of that nature where mechanics are needed to make the repairs.

Senator CAPPER. But, generally speaking, renting properties of all kinds in this city is now considered as a fine investment?

Mr. RICHARDSON. It is unless you are furnishing service. I should say that rental property where you do not have a janitor and do not have elevators and telephones is certainly a fine investment, but in our particular case we maintain two elevators under operation con-

stantly, telephone service in all the apartments, a resident manager, a janitor and an assistant janitor, and then a man who comes on at 8 o'clock and works until 11 and another man who comes on at 11 and works until morning. We have 24-hour service in the building.

Senator SHEPPARD. What net return would you consider a good one? You said it would be a fine investment if you were not giving service?

Mr. RICHARDSON. I do not know. I am not in the real estate business at all. This is the only apartment property that I am concerned in at the present time, the only renting property that I am concerned in.

Mr. MILLER. I have two other points here. Mr. Richardson, last year Mr. Finch was forced to sign a lease that had a clause in it like this:

It is further understood and agreed that the lessor will endeavor to furnish heat and power for elevator service, but should he be prevented by circumstances beyond his control the tenant will be entitled thereupon to terminate this lease and remove from said apartment, paying the aforesaid rent to the time of such removal, otherwise all terms of this agreement to remain in full force and effect; and it is further understood and agreed that should the said tenant fail or refuse to surrender the premises leased on or before the 30th day of September, 1919, or before said day to enter into a new agreement of lease of said premises he will pay as rent for said premises from and after said day a monthly rental of double the monthly installments herein provided for the period prior thereto.

In other words, that would have the effect of saying if the tenant did not enter into a new lease they would charge double, would it not?

Mr. RICHARDSON. It means that they would be entitled to do it.

Mr. MILLER. Have you any clause like that in your present leases?

Mr. RICHARDSON. In drawing the leases we just simply had that form printed with that in there, but in all leases I have signed in those apartments I have stricken out that clause, and I do not know personally of any lease signed since we have had the properties that had that clause in it. We took a pen and ran it through that clause.

Mr. MILLER. Why was it printed in there if they did not intend to enforce it?

Mr. RICHARDSON. I think it was done through error. I think if you will read just before there you will find a clause somewhat at variance with that.

Mr. MILLER. But, nevertheless, it contains the language I have read you, and if it was enforceable it would be unjust.

Mr. RICHARDSON. If it were enforced it would be unjust, not if it were enforceable.

Mr. MILLER. Then, it has no right in there?

Mr. RICHARDSON. Well, I do not say that. It was put in there by the man who owned the property at the time, and apparently by agreement with the tenant at the time.

Mr. MILLER. Have you any information as to their subletting apartments in either of these two apartment houses?

Mr. RICHARDSON. I have a great deal of information about that. That is the worst thing we have had to contend with in these buildings since we have had the properties.

Mr. MILLER. Has any of it been done with the consent of the owners?

Mr. RICHARDSON. In some cases we have permitted it for a special reason that is given us at the time.

Senator SHEPPARD. Let me ask you a question there. As a rule, do not the leases contain a clause making it necessary for the tenant to get the consent of the owner before he can sublet an apartment?

Mr. RICHARDSON. Yes; every one of these leases contains the provision that the written consent of the owner must be given.

Senator SHEPPARD. Do you mean to say that the tenants have disregarded that clause and sublet anyway?

Mr. RICHARDSON. In a great many instances. I might call your attention to this proposition.

Senator SHEPPARD. In that event, what is your legal remedy?

Mr. RICHARDSON. We can proceed in the municipal court to evict the tenant that undertakes to lease under the Saulsbury law, but we have a proposition such as occurred in the Copley Courts and was brought to my attention day before yesterday. Maj. Newnan, who occupied one apartment in the building, sublet it the 1st of July. I just found out about it. It was the apartment which Mr. Finch, who testified here, leased from us.

Senator SHEPPARD. Without your consent or knowledge?

Mr. RICHARDSON. I did not know a thing about it. Maj. Newnan sold his furniture in the apartment which he had to a Mrs. Atherton, I think—I have not been able to get her name correct—for cash, and turned his apartment over to her, and she is now living there. We found out about it when Mrs. Atherton came to the office yesterday. We are put in this position: If we terminate her lease she will be subjected to very heavy loss, because she undoubtedly paid three or four times what the furniture is worth to get the apartment. I immediately sent instructions to the manager not to disturb Mrs. Atherton because, although we have a waiting list, we have had to use discretion in those cases. There have been many cases where tenants have moved out and moved others in under those general conditions, but we have not in any case, I think, with one possible exception, and I am not sure about that, evicted a tenant for subleasing without authority, although there have been a great many cases of that kind.

Senator SHEPPARD. Why did you not invoke the remedy?

Mr. RICHARDSON. Because of the hardship on the person who bought the furniture and came into possession, believing they had a right to do it.

There is only one case where we put a tenant out. That was an officer in the Army who sublet from a lady who had moved to Baltimore. He was paying her \$85 a month for an apartment for which she paid \$35 to us. That was an apartment which had been raised to \$37.50 after her lease. We brought suit, put her out, and re-leased it to this man at \$37.50.

Senator SHEPPARD. Your remedy of eviction is good against both parties?

Mr. RICHARDSON. Absolutely.

Senator SHEPPARD. Do you name both as parties to the suit?

Mr. RICHARDSON. No; just the tenant. We do not recognize the subtenant.

Senator SHEPPARD. You do not have a writ against them?

Mr. RICHARDSON. No; they are only holding in the name of the original tenant, and, of course, a judgment of eviction puts both of them out.

I might add in that connection that we have found in a great many cases of subletting that the prices were exorbitant. In some cases tenants who are paying \$40 for an apartment are renting it for \$50. In one apartment house, of which I am not the owner but in which I am interested as attorney for the owner, it has just been brought to my attention by the present owner that in one apartment which rented for \$40 they are charging \$140 on a sublease, and he came to me to find out what could be done about it.

Mr. MILLER. To go back to the Copley Courts again. Apartment No. 114 in Copley Courts is rented for how much now?

Mr. RICHARDSON. Who is the tenant?

Mr. MILLER. Mrs. Sontag.

Mr. RICHARDSON. Mr. Dproculaine, the manager, tells me it is \$42.50.

Mr. MILLER. Has any request been made for an increase from her?

Mr. RICHARDSON. No; we have not asked her for any increase.

Mr. MILLER. She testified that your manager, Mrs. White—is there any such woman acting as manager?

Mr. RICHARDSON. No; she is the wife of the manager and has nothing to do with collecting the rent.

Mr. MILLER. Mrs. Sontag testified that Mrs. White told her that she would have her rent raised from \$37.50 to \$60 a month.

Mr. RICHARDSON. Mrs. White has not been authorized to say that and I would be very much surprised if she did.

Mr. MILLER. Well, I am bringing out what was testified to the committee under oath. I would suggest, if you are not familiar with what your manager is doing, that you look it up, because a woman would not come here and testify under oath unless there was some vestige of truth in what she was saying, would she?

Mr. RICHARDSON. Well, I would assume that she would not.

Mr. MILLER. It would be rather serious if she did so, so, therefore, there must be a semblance of truth in it. You have no knowledge, then, of this increase being demanded by your manager?

Mr. RICHARDSON. I have absolutely no knowledge of it.

Mr. MILLER. Will you look into the matter when you go back?

Mr. RICHARDSON. I have already done so; that is, not so far as Mrs. White is concerned. I understood that Mrs. Sontag testified to it and I asked Mr. Dproculaine about it, and he said no instructions of any kind had been given with respect to Mrs. Sontag's apartment.

I want to call your attention to this fact—I do not know that Mrs. Sontag testified to it—but she has a three-room apartment and she has had one of her rooms sublet. There have been five different subtenants, and I was informed that the rent that she receives is as great as, if not greater than, the amount she pays for the whole apartment.

Mr. MILLER. But you have no proof of that statement; it is only hear-say that you have to substantiate that?

Mr. RICHARDSON. No, but I can furnish you with the names of the subtenants and you can investigate it.

Mr. MILLER. We would be glad to have them. One other question. When the Saulsbury resolution expires, is it your intention to discriminate against those tenants of yours who may have taken advantage of the Saulsbury resolution?

Mr. RICHARDSON. Not as a discrimination against them for that. We found this situation: I think there are in Copley Courts only about 10 people who stayed in under the Saulsbury resolution, and several of these have been very troublesome people in the apartment for other reasons. In those cases we will not renew leases at all, but otherwise we are not discriminating against persons staying over under Saulsbury law.

TESTIMONY OF MAURICE DPROCQUAINE.

(The witness was duly sworn by Senator Capper.)

Mr. MILLER. Mr. Dprocquaine, will you please give your full name and your address?

Mr. DPROCQUAINE. Maurice V. Dprocquaine, Great Falls, Va.; business, Union Realty & Investment Corporation, Room 910, Evans Building.

Mr. MILLER. The committee has no questions to ask you right now, so you can go ahead with the statement you want to make.

Mr. DPROCQUAINE. I have a statement to make with regard to Mrs. Sontag.

Senator SHEPPARD. Have you a written statement?

Mr. DPROCQUAINE. I have.

Senator SHEPPARD. Just that one page?

Mr. DPROCQUAINE. Yes, sir.

Senator SHEPPARD. Well, read it.

Mr. DPROCQUAINE. [Reading:]

Mrs. L. Sontag who occupies an apartment at Copley Courts, 1514 Seventeenth Street NW., has always been antagonistic to the management and employees of the Union Realty & Investment Corporation. She has made repeated complaints about tenants in Copley Courts, complaints which in a great many cases were unfounded. Mrs. L. Sontag, who seems to have informed the subcommittee that she had been notified by the management that the rent of her apartment would be \$60 per month, starting the first of October, 1919, is untrue. I never spoke to her about an increase on the 1st of October. Furthermore, it is my duty to get in touch with Mrs. White, the resident manager, and I asked her whether she had told Mrs. Sontag that her rent would be \$60, and she denied it. She said, "It was not my place to do so, and I did not do it," but in all probability Mrs. Sontag has heard from Mr. Finch, who has testified before you gentlemen, that his rent will be \$60, and, consequently, she surmised that the same amount would be asked from her.

Mrs. Sontag has never been notified of any such thing by the management or any of the employees of the Union Realty & Investment Corporation.

We understand from the resident manager of Copley Courts that Mrs. Sontag has had the following persons as roomers or boarders in her apartment for some time past, and we were also informed that she received from such persons sums of money varying from \$40 to \$50 per month; she never asked any authorization from the company to sublet or to assign part of her rights to her apartment to anyone; the following persons have been living at Mrs. Sontag's apartment: Lieut. Vincent F. Pottle, Miss Severa, Mr. J. H. Todd, Col. Kenneth Williams, a captain in the Army whose name we have been unable to remember, and she has now in her apartment a Capt. Derber and Mr. Aldrich.

Some time ago Mrs. Sontag made the following statement, which was reported to the manager: "I wish he (the manager) had been in Paris when the Germans were bombarding it, so he might have been killed, and then we would not be bothered by him now."

She worked during the Liberty Loan drive.

Mr. MILLER. Were those men you have mentioned living there at the same time?

Mr. DPROCULAIN. No, separately. Of course, naturally, they came there for a month and a month and a half. Mr. Aldrich is now staying in that apartment. I have it from Mrs. White herself that when Lieut. Vincent F. Pottle became a roomer in Mrs. Sontag's apartment he paid her \$50 a month for the room and Mr. Todd paid her \$40. Now, the average is between \$40 and \$50.

Mr. MILLER. Who put the furniture in the apartment?

Mr. DPROCULAIN. Well, probably Mrs. Sontag; that I could not ascertain.

Mr. MILLER. In other words, in making this statement you want to remember that she furnished that apartment.

Mr. DPROCULAIN. I understand that, sir.

Mr. MILLER. Are those people employed by the Government that were living there?

Mr. DPROCULAIN. Well, I surmise, by looking at the names Lieut. Vincent F. Pottle and Col. Kenneth Williams that they probably were.

Mr. MILLER. You do not know anything about the others?

Mr. DPROCULAIN. No; I do not.

Mr. MILLER. Suppose they were war workers, would not they have a perfect right to go there and be taken care of in view of the conditions existing here last year?

Mr. DPROCULAIN. I have not the slightest doubt of it, but it was embodied in a clause in the lease that they ought to have asked for authorization for others to come in the apartment, an authorization which we never do refuse.

Senator SHEPPARD. Did you complete your statement, sir?

Mr. DPROCULAIN. I certainly did, sir.

Senator SHEPPARD. Well, that is all.

TESTIMONY OF NOAH R. ROBINSON, REPRESENTING THE CHEVY CHASE REALTY CO.

(The witness was duly sworn by Senator Capper.)

Mr. MILLER. Will you please state your full name, your address, and the name of the firm that you represent?

Mr. ROBINSON. My name is Noah R. Robinson. Do you want my business address or residence address?

Mr. MILLER. Your business address.

Mr. ROBINSON. 342 Munsey Building.

Mr. MILLER. Are you with a firm?

Mr. ROBINSON. Yes.

Mr. MILLER. What is the name of the firm?

Mr. ROBINSON. The Chevy Chase Realty Co.

Mr. MILLER. What is their business?

Mr. ROBINSON. They are specialists in Chevy Chase properties.

Mr. MILLER. Have you an apartment house called The Ripley?

Mr. ROBINSON. Yes, sir.

Mr. MILLER. How many apartment houses are you the agent for?

Mr. ROBINSON. Well, I am not an agent for any. I own the Ripley or own an equity in it.

Mr. MILLER. Well, whether you are an agent or the owner, give me the apartments.

Mr. ROBINSON. The Ripley is the only one.

Mr. MILLER. You have nothing to do with any other apartment houses and you do not own any others?

Mr. ROBINSON. No.

Mr. MILLER. How long have you owned the Ripley?

Mr. ROBINSON. Since March 12.

Mr. MILLER. State the year, please.

Mr. ROBINSON. This year.

Mr. MILLER. March 12, 1919?

Mr. ROBINSON. Yes, sir.

Mr. MILLER. What did you pay for that?

Mr. ROBINSON. I may be mistaken about that; that is the way I remember it. I paid \$10,000 for an equity in it. It was subject to trust of \$50,000 and \$69,750.

Mr. MILLER. At what do you hold the apartment? You paid \$10,000 in cash in it, you say.

Mr. ROBINSON. Yes.

Mr. MILLER. And the rest in what form?

Mr. ROBINSON. Well, there was the usual form. We paid for the equity.

Senator CAPPER. What did that make the value of the property?

Mr. ROBINSON. It made it \$79,750. That is, it made the purchase price that much money.

Mr. MILLER. What is the total monthly rental you expect to get out of that apartment, or if you have not those figures, what is the annual rental?

Mr. ROBINSON. I do not remember. It is \$8,400 or \$8,800 annually.

Senator SHEPPARD. That is your present rental?

Mr. ROBINSON. Yes, sir.

Senator SHEPPARD. What do you expect to get after the 1st of October?

Mr. ROBINSON. Well, I know very little about it, only that I own it.

Senator SHEPPARD. Did you give directions that your rents be increased after the 1st of October?

Mr. ROBINSON. No. Mr. Gardiner of Gardiner & Dent—I bought the building from him. I said, "Now, just take it and handle it as you see fit." This increase in rental I have not known anything about until just a few days ago when I saw it in the paper.

Senator SHEPPARD. Do you know whether he has increased the rentals for you?

Mr. ROBINSON. I think he has.

Senator SHEPPARD. Do you know about how much?

Mr. ROBINSON. I think apartments that were renting for \$16.00 a month, he raised, to—I do not know whether it was \$22.50 or \$25.50. I told me when I bought the building, "It will not pay you at present rentals, for the rentals are ridiculously low, rentals of many years ago."

Senator CAPPER. You say you paid \$10,000. Is that the basis on which they sell most of this property here?

Mr. ROBINSON. It depends on what they can get in a great many cases. The owner was willing to take \$10,000 for the equity.

Senator CAPPER. That is a narrow margin, is it not, in an operation of that kind?

Mr. ROBINSON. Yes; only that depends on how heavily it is loaded with trusts. If a building has two trusts on it the equity is not worth anything as much as if it has only one trust. I turned the building over to Mr. Gardiner and he told me, "It will not bring you any profit until the rentals are increased," and he said, "they are so very low, of many years standing than every other apartment in the row,"—there are six, seven or eight of them; I do not know exactly how many—the rentals were higher in every other apartment than in this, and he would at the proper time make such advances in the rents as were reasonable, and so forth.

Senator SHEPPARD. Has Mr. Gardiner an interest in this with you?

Mr. ROBINSON. No, he has not, but he is handling it, and we entered a written agreement if the rentals would take care of the building for the present, very well; and if not, he was to call on me for whatever additional funds were necessary. I have never had a nickle out of the Ripley.

Senator SHEPPARD. When do you hope to begin to get a revenue out of the Ripley?

Mr. ROBINSON. I have never had a statement, even. It has just been going along from month to month until March. I have known all along that the building would not pay with the present low rentals.

Senator CAPPER. Are you offering it for sale?

Mr. ROBINSON. No, sir.

TESTIMONY OF WILSON H. BARRETT.

(The witness was duly sworn by Senator Capper.)

Senator CAPPER. Mr Bliss is not in town?

Mr. BARRETT. No, sir. My name is Wilson Barrett, secretary-treasurer, Alonzo Bliss properties.

Senator CAPPER. How long has Mr. Bliss been absent?

Mr. BARRETT. Two days and he will be away 10 more days. Mr. Bliss is not active very much in the operation of the properties. It is left in charge of myself and resident manager.

Mr. MILLER. Mr. Barrett, have you a list of the apartment houses that Mr. Bliss is agent for or has charge of?

Mr. BARRETT. I have not a list by names, but I have the total income, expenses, and so forth.

Mr. MILLER. How many apartment houses are there?

Mr. BARRETT. Twenty-three.

Mr. MILLER. Can't you give them to us in writing, a list of the apartments you are agent for?

Mr. BARRETT. Yes, sir.

Mr. MILLER. You can't call them off now?

Mr. BARRETT. Not at present; there are too many of them.

Mr. MILLER. Have you a statement of the income from them?

Mr. BARRETT. Yes, sir.

Mr. MILLER. You want a general statement of the income from 23 apartments?

Senator SHEPPARD. Yes.

Mr. MILLER. What is it?

Mr. BARRETT. 1916, 1917, and 1918.

Mr. MILLER. All right; go ahead and give it.

Mr. BARRETT. Basing the rental capacity in 1916, taking that our basis, our increases during 1918 were 14 per cent over the recognized return of that particular piece of property. The operating expense increased during 1917 over 1916 47 per cent, and the increase of 1918 over 1917 was 60 per cent. The capital expense was increased 20 per cent in 1917 and 28 per cent in 1918. The vacancies were 9 per cent in 1916, 2 per cent in 1917, and nothing in 1918. The percentage on the investment in 1916 was 4, in 1918, 3.

Senator SHEPPARD. What was the total investment?

Mr. BARRETT. \$1,376,331.82.

Senator SHEPPARD. What increase did you make for 1919?

Mr. BARRETT. I beg pardon?

Senator SHEPPARD. When you said "1918" you meant for the year beginning in 1918 and ending in 1919?

Mr. BARRETT. No, sir; the calendar year 1918.

Senator SHEPPARD. Was any increase made for the calendar year 1919?

Mr. BARRETT. Yes, sir.

Senator SHEPPARD. How much?

Mr. BARRETT. Well, of course, I have only seven months of it. It is pretty hard to strike an average.

Senator SHEPPARD. You know about what increase you asked for in the beginning?

Mr. BARRETT. Yes, sir.

Senator SHEPPARD. What increase have you asked for for the next year, 1920?

Mr. BARRETT. I can say that so far in 1919 little or no increase have been asked, but increases will be asked during the fall.

Senator SHEPPARD. It will be asked in the fall for 1920?

Mr. BARRETT. Yes, sir. There are some figures here I thought might interest you.

Senator SHEPPARD. Go ahead.

Mr. BARRETT. The item of maintenance, which includes coal, heat, light, power, and pay roll, there was an increase in 1917 over 1916 of 50 per cent; and in 1918 nearly 60 per cent. We burn about 3.5 tons of coal per year. We paid \$3.25 per ton for coal in 1916. We are now paying \$7.75. That is nearly \$15,000.

Senator SHEPPARD. Does that include the cost of storage?

Mr. BARRETT. No, sir. That item alone is 7 per cent of our gross rental. The operating expense in total has increased 47 per cent in 1917 over 1916, and 67 per cent in 1918 over 1916.

Senator SHEPPARD. Will there be still further increase in 1919?

Mr. BARRETT. Much greater. We will not have the same return this year that we had last year. I can say that. I am giving you these figures, the return on the investment I am giving you is not the value we place on it, which is greater than the appraised value. I am giving you the appraised value, appraised by the district appraisers. Of course, we figure a market price higher than that. If we gave you our book figures on this property, the return on the investment would be even smaller.

Senator SHEPPARD. What percentage of increase do you contemplate for 1920 in your rents over the present rents?

Mr. BARRETT. To bring the return on the investment up to 6 per cent, based on the increased cost of maintenance and operation, we must get an increase of 25 per cent to get a return of 6 per cent on the investment.

Senator SHEPPARD. On the basis of the appraised value or your book value?

Mr. BARRETT. The appraised value.

Senator CAPPER. Twenty-five per cent over what you are now getting?

Mr. BARRETT. No, sir; 25 per cent of the recognized earning capacity of the house in 1916. Take a piece of property valued at \$400,000. They recognize the income to be \$40,000, and that must be 25 per cent of \$40,000 to cover the increased cost of maintaining the property. Take one item alone, capital expense, interest on mortgages. Money was available at 5 per cent. It does not affect the small investor much, but it does the large one. A 20 per cent increase in capital expense is very high.

Senator SHEPPARD. Does money cost more now?

Mr. BARRETT. Yes, sir. Say you carry two-thirds of your property, and one-third is mortgaged. You have a property value of \$2,000,000, and you have an increase of 20 per cent on \$330,000. That is \$15,000. It is quite an item.

Mr. MILLER. Do any of your tenants sublet?

Mr. BARRETT. Yes, indeed.

Mr. MILLER. Have you any information along that line?

Mr. BARRETT. Only in a general way. I took a census of Chapin Court, one of our apartment houses. It has 89 apartments. We took a list of the recognized tenants and people living in the house, recognized by our reports. We have 52 people living there more than we had on our record. Sixteen apartments out of 89 were subletting, a small percentage with our consent, the majority without our consent.

Senator SHEPPARD. Do you know at what increase they were renting?

Mr. BARRETT. Yes, sir; I will give you an example.

Senator SHEPPARD. All right.

Mr. BARRETT. One lady paid \$27.50 for the apartment, and asked \$125 for the apartment furnished.

Mr. MILLER. What was the size of that apartment?

Mr. BARRETT. Three rooms.

Mr. MILLER. And bath?

Mr. BARRETT. Yes, sir. Now, if you will stop and figure the value of an elegantly furnished three-room apartment, you will see what she was getting. We would like to have that return on our investment.

Mr. MILLER. Have you brought any suits against tenants at any time?

Mr. BARRETT. I think we have occasionally; yes, sir. But we have been handicapped. Take an instance like this: A party would sublet without our knowledge or consent to a person engaged by the United States Army or Navy. We have no recourse whatever. And it is

an injustice to the subtenant. They pay the lessors of our apartment almost what they ask.

I want to bring up another matter that was in the Washington Times a few days ago, supposed to have been testified to at some hearing here. This was a party living in Chapin Court, and was supposed to have testified that our manager made the statement that he would obtain an apartment for them for a bonus of some two hundred and sixty odd dollars, I think it was. I have the manager here to take the stand and testify as to just what he did say in this particular circumstance.

Senator SHEPPARD. Who is he?

Mr. BARRETT. Mr. Weisner.

Senator CAPPER. Before you do that, will you give us again the return you got annually on your investment?

Mr. BARRETT. Yes, sir. 1916 was 4 per cent; 1917 was $3\frac{1}{2}$ per cent and 1918 was 3.9 per cent.

Senator CAPPER. That was after deducting all your taxes?

Mr. BARRETT. Yes, sir; net income.

Senator CAPPER. Your taxes last year for war purposes, of course increased the cost of that property a good deal?

Mr. BARRETT. Yes, sir; of course, we had very little income tax to pay, because we had no return on the investment, so to speak.

Another thing should be borne in mind, that when an apartment is fully occupied it costs less to maintain it. We grant that. So that if we had done the same amount of work in these years 1917 and 1918 as we did in 1916, you can imagine what our costs of maintenance would have been. We had 9 per cent vacancies in 1916, and our expense was 40 per cent less than in 1917. Now it is filled with people, requiring less work to be done, because they are not moving constantly, and it is 40 to 60 per cent higher in the two subsequent years with no vacancies.

Mr. MILLER. What will be the policy of your firm toward people who took advantage of the Saulsbury resolution?

Mr. BARRETT. I don't quite follow your question.

Mr. MILLER. I will repeat it: Does your firm expect to discriminate against a tenant who took advantage of the Saulsbury resolution when the Saulsbury resolution expires?

Mr. BARRETT. No undue advantage. We may not extend the many privileges. We do expect that, regardless of a resolution or law, there should be a certain amount of consideration involved. It will certainly increase to a fair return on our investment.

Mr. MILLER. In other words, you don't think you have received a fair return, due to the Saulsbury resolution being in effect?

Mr. BARRETT. Absolutely so.

Mr. MILLER. You will send the committee a list of the apartments by name and their location?

Mr. BARRETT. Yes, sir.

Mr. MILLER. And the total amount of your annual rent from each apartment?

Mr. BARRETT. Yes, sir.

Mr. MILLER. When can you get that to us?

Mr. BARRETT. I will mail it to-morrow.

TESTIMONY OF PHILIP N. WEISNER.

(The witness was duly sworn by Senator Capper.)

Mr. MILLER. You may state your name and address.

Mr. WEISNER. Philip N. Weisner; 1731 Columbia Road.

Mr. MILLER. Proceed with the statement you wanted to make, limiting yourself to that subject.

Mr. WEISNER. The only statement I have is what Mr. Barrett referred to in his testimony. There is an article in the Times that says I asked this man \$320 bonus for an apartment. I called Mr. Barrett up this morning over the phone and asked him what he meant saying that. I said, 'I don't know what you testified to, but there is the article in the Times.' He said, "I never made any such statement at all."

Mr. MILLER. Here is what he said, if you want to read it.

Mr. WEISNER. It don't make any difference to me what he said.

Mr. MILLER. Just for the sake of courtesy, I was showing you what he said.

Senator SHEPPARD. Read it to him.

Mr. MILLER. Mr. Bride testified on Monday, August 25, as follows:

An officer of the United States Navy, who was a friend of mine, asked me if I could not help him out a little in getting an apartment for him. I knew of an apartment which was about to be vacated in this building, and I told them to go in and I would introduce them to the manager. He did so. I gave him the introduction. We did not seem to get any satisfaction whatever from the manager. He hummed and hawed about the thing, so finally the man seeing that it was useless to go any further asked me to end the interview. After we went outside he said, "There is no use talking to that man; he is asking for a bonus." That was all there was to it. The next day the manager met my wife and told her for \$370 he could let this young officer have an apartment. I am not quite positive as to that point, whether he meant that as a bonus or whether he meant that as rental for the apartment, but the highest rental for the apartment there was \$60 per month for the best apartment in the house.

Mr. WEISNER. The paper said \$320. At the time he introduced that officer to me he asked me if he could get an apartment. I said, "As far as I can see, there is no chance for you or anybody else to get an apartment in Chapin Court, because it is full and we have a waiting list and inquiry running 40 or 50 a day. Some time subsequent to that I saw his wife on the front porch of the place and asked her if this officer was still on the hunt for an apartment. She said, 'I said, "All right; if you see the gentleman who has charge of the Farragut Apartment, I am informed he has an apartment for which he wants \$320 a month, furnished." And anybody that gets an apartment in the Farragut or Stoneleigh Court for \$325 a month at this time or any other time is very lucky. I was head clerk at Stoneleigh Court for three years and a half, and I don't think any apartment over two rooms was ever sublet for that price at that time. And when Mr. Bride testified about the increase of rent, he stated that the time he was up here the Government allowed him \$10 increase in his wages to help him meet the high cost of living, but he probably did not tell you that with him in that apartment is his brother-in-law, who shares the expense of the maintenance of that apartment."

TESTIMONY OF CHARLES S. SCHREVE.

(The witness was duly sworn by Senator CAPPER).

Mr. MILLER. You may state your full name.

Mr. SCHREVE. Charles S. Schreve.

Mr. MILLER. You are secretary of the Real Estate Brokers' Association?

Mr. SCHREVE. Yes, sir; this is my second term.

Mr. MILLER. When was your association formed?

Mr. SCHREVE. I am not acquainted with that fact; it was several years before I went in it.

Mr. MILLER. How many members has it?

Mr. SCHREVE. It has some hundred and twenty-odd active members and about forty nonactive members.

Mr. MILLER. Describe briefly the objects of the association.

Mr. SCHREVE. The objects of the association, first, are ethical; that is, to formulate rules of action which will guide the conduct of real estate men between themselves, but more particularly with their clients. The second object of the association is to enlighten the real estate brokers on such matters as they ought to know in regard to their business; how property is being improved in different parts of the city.

Mr. MILLER. Are those all?

Mr. SCHREVE. Yes, sir.

Mr. MILLER. Do the members decide what rents are to be charged?

Mr. SCHREVE. Absolutely not.

Mr. MILLER. Do they have anything to do with the form of lease whether they shall be uniform?

Mr. SCHREVE. We have now a committee, of which Mr. To Bradley is chairman, which is trying to formulate our legal form for real estate. The principal object of that is really to cheapen the cost of it; have them all done at once place and pay that price.

Mr. MILLER. Does the association fix the rates of compensation commissions the various members will charge?

Mr. SCHREVE. You mean the rates for collecting rents?

Mr. MILLER. Yes, sir.

Mr. SCHREVE. We have always fixed the rates.

Mr. MILLER. Are there any other rates in connection with real estate or apartment house business that you fix?

Mr. SCHREVE. We fix the rates of sales, the rates of loans, and the rates of collecting rents.

Senator SHEPPARD. The commission rates?

Mr. SCHREVE. Just the commission a real estate broker shall charge his client. We are under no obligation to follow the rates.

Senator SHEPPARD. It is merely a recommendation to the members of the association?

Mr. SCHREVE. Yes, sir; I know in many cases I do not follow the rates and I am secretary of the association. We have some clients who have had over 40 years. Our business has been in existence many years. My father had it before me. He had some clients I collect at much less than those rates. I don't increase to them at all.

Senator SHEPPARD. The members are under no obligation to accept these rates?

Mr. SCHREVE. No, sir.

Mr. MILLER. I understand you can give the committee some information about people who are subletting and profiteering?

Mr. SCHREVE. I don't know how you got the understanding that I know anything about that.

Mr. MILLER. You know no persons who are subletting at an exorbitant increase in rent?

Mr. SCHREVE. I didn't say that.

Senator SHEPPARD. He asked you if you knew of any.

Mr. SCHREVE. Oh; then I misunderstood his question. Probably if I thought long enough I might recall three or four cases, but that would be all I would know out of my tenants.

Mr. MILLER. All who are subletting?

Mr. SCHREVE. Yes, sir. I have the poorer class of people. Our houses run from \$15 up to about \$50.

Mr. MILLER. You don't know of anybody in a four-room apartment for which he pays \$15 a month who lets out two of the rooms for \$18 a month?

Mr. SCHREVE. Yes, sir; I told the gentleman from Senator Ball's office about that case. That is one of the three or four cases I can remember.

Mr. MILLER. Tell the committee about that.

Mr. SCHREVE. I think there are five rooms in the apartment, and he took all five rooms for \$15 a month, and he rents out the two rooms to a lady for \$18 unfurnished.

Mr. MILLER. Does the committee want any further information? I take it Mr. Schreve does not want to give the name.

Mr. SCHREVE. No; I would have no hesitancy in that.

Mr. MILLER. Have you any ideas on the bill introduced by Senator Poindexter?

Mr. SCHREVE. At the last session?

Mr. MILLER. Yes.

Mr. SCHREVE. Yes; I went over it very carefully.

Mr. MILLER. Does the committee care to hear that?

Senator SHEPPARD. What do you think of that?

Mr. SCHREVE. I think it is admirable. I followed that as long as Senator Poindexter was working on it, and I think it was an admirable bill.

Mr. MILLER. What is the percentage of profit provided for property owners in that bill?

Mr. SCHREVE. That was over a year ago; my recollection is it was 7 per cent net.

Mr. MILLER. Based on the actual value of the property?

Mr. SCHREVE. Yes.

Senator SHEPPARD. Did the bill provide for an appraiser to ascertain the value from time to time?

Mr. SCHREVE. I don't recall that, Senator.

Senator SHEPPARD. Of course, values might go up from time to time.

Mr. SCHREVE. It provided for a real estate administrator who had the power to look into all these matters.

Senator DIAL. What is the tendency of the inhabitants of this city? Do they want to go in one direction, or are they pretty generally scattered?

Mr. SCHREVE. The tendency is northwest.

Senator DIAL. Are there other properties in the city in other locations which are habitable, and which could be rented for less?

Mr. SCHREVE. Oh, less. Out there about Brookland and northeast it is beautiful out there. It is the tendency of the human race to go northwest.

Senator DIAL. What is the difference in the rates in those sections?

Mr. SCHREVE. I should say the rate is about 50 per cent more in the northwest than it is in the northeast.

Mr. MILLER. What about the rumors that have come to the committee of a combine between the real estate people in the District?

Mr. SCHREVE. I don't exactly understand your question. A combine for what?

Mr. MILLER. To control rents in apartment houses and dwellings. That rumor has come to us a number of times, and as you are secretary of the association we would like to have you say something about that.

Mr. SCHREVE. It is absolutely unfounded. I would like to make a statement here that the Senators ought to know. Away back there in June, 1917, before the Senate or House or anybody else got busy on the rent proposition the real estate brokers' association called a meeting at the Ebbitt House and John L. Weaver was appointed chairman of a committee to take steps against profiteering. Ever since that time the real estate brokers have been dead against profiteering in every way. That is the attitude of the entire association.

Mr. MILLER. You think the bulk of the profiteering has been done by people who are subletting?

Mr. SCHREVE. Yes; the bulk of it has.

Mr. MILLER. But you admit some profiteering has been done by your real estate associates?

Mr. SCHREVE. Yes, sir; I don't know of any of them, but I will admit that it is done by some of them.

TESTIMONY OF FRANK H. DUEHAY.

(The witness was duly sworn by Senator Capper.)

Mr. MILLER. State your name, address, and the firm with which you are connected.

Mr. DUEHAY. My name is Frank H. Duehay. I own this property.

Mr. MILLER. What property do you own?

Mr. DUEHAY. I own the Portsmouth apartment house. Mr. Clapham, who gave me the notice, said this call was in reference to the Portsmouth apartment house. I also own the Rochambeau, but have no statement about it.

Mr. MILLER. You only own two apartment houses, the Portsmouth and the Rochambeau?

Mr. DUEHAY. That is all.

Mr. MILLER. How long have you owned the Portsmouth?

Mr. DUEHAY. I have owned the lot since about 1904, and put the building on it in 1906.

Mr. MILLER. Have you information there that will give the committee the total amount of rents you have received from that apartment?

Mr. DUEHAY. I have it in the statement.

Mr. MILLER. Does the committee care to have Mr. Duehay read it off, or have it incorporated in the record?

Senator SHEPPARD. Just give the years.

Mr. DUEHAY. It is from 1914 up through 1918 and the first eight months of 1919.

Mr. MILLER. It is a complete statement and just what we want.

Senator SHEPPARD. Put it in the record, then.

Mr. MILLER. That will go in as Exhibit A, two sheets, showing the data in connection with the Portsmouth Apartment from 1914 to 1919, inclusive.

(Said Exhibit A is as follows:)

WASHINGTON, D. C., August 28, 1919.

Mr. L. H. BALL,

Chairman Subcommittee of the United States Senate

Committee on the District of Columbia, Washington, D. C.

DEAR SIR: In response to your notice of August 27, 1919, I beg to submit the following answers to memorandum of information regarding the Portsmouth apartment house:

Question No. 1:

1914	\$15,750.00
1915	15,750.00
1916	15,750.00
1917	16,815.00
1918	19,494.00
1919	19,494.00

Question No. 2:

1914	14,773.50
1915	14,912.50
1916	15,322.50
1917	15,263.25
1918	17,048.25
Eight months in 1919	11,980.00

89,300.00

Question No. 4:

Built in 1906, lot cost	30,000.00
Building	125,000.00

155,000.00

Present market value..... 125,000.00

Question No. 5:

1914, expenses—

Labor	1,738.00
Electric current, halls and elevators	1,000.00
Fuel	900.00
Taxes	1,580.60
Water rent	140.00
Interest on mortgage	3,750.00
General repairs	500.00

9,608.60

1915—

Labor	1,738.00
Electric current, halls and elevators	1,000.00
Fuel	900.00
Taxes	1,580.60

Question No. 5—Continued.

1915—Continued.

Water rent.....	\$140. 00
Interest on mortgage.....	4, 125. 00
General repairs.....	500. 00
	<u>9, 983. 60</u>

1916—

Labor.....	1, 738. 00
Electric current, halls and elevators.....	1, 000. 00
Fuel.....	900. 00
Water rent.....	140. 00
Interest on mortgage.....	4, 125. 00
Taxes.....	1, 580. 60
General repairs.....	500. 00
	<u>9, 983. 60</u>

1917—

Labor.....	2, 611. 22
Electric current, halls and elevators.....	700. 00
Water rent.....	200. 00
Taxes.....	1, 580. 60
Fuel.....	1, 500. 00
Interest on mortgage.....	4, 500. 00
General repairs.....	600. 00
	<u>11, 691. 82</u>

1918—

Labor.....	2, 958. 92
Electric current, halls and elevators.....	736. 42
Water rent.....	219. 00
Taxes.....	1, 430. 60
Fuel.....	1, 909. 34
Interest on mortgage.....	4, 500. 00
General repairs.....	661. 64
	<u>12, 413. 92</u>

Eight months in 1919—

Labor.....	2, 268. 50
Electric current, halls and elevators.....	405. 90
Water rent.....	134. 00
Taxes.....	973. 70
Fuel.....	1, 380. 60
Interest on mortgage.....	3, 000. 00
Repairs.....	550. 00
	<u>8, 712. 90</u>

Question No. 6:

1914.....	14, 773. 50
	<u>9, 608. 60</u>
Net.....	<u>5, 164. 90</u>
1915.....	14, 912. 40
	<u>9, 983. 60</u>
Net.....	<u>4, 928. 80</u>
1916.....	15, 322. 40
	<u>9, 983. 60</u>
Net.....	<u>5, 338. 80</u>

Question No. 6—Continued.

1917 -----	\$15,263.25 11,693.82
Net -----	3,569.43
1918 -----	17,048.25 12,413.97
Net -----	4,634.25
1919 -----	11,380.00 8,712.91
Net -----	3,267.09

Question No. 7: The net shows amount returned to owner, as no commissions were paid for handling property.

Respectfully submitted,

E. H. DUEHAY, Owner.

Senator SHEPPARD. Have you an expense statement there too?

Mr. DUEHAY. Yes, sir; a detailed expense statement.

Senator SHEPPARD. Do you contemplate an increase for the coming year, 1920?

Mr. DUEHAY. I have not got the increase I asked for last year. I hope to get that, if I can.

Mr. MILLER. What does that represent?

Mr. DUEHAY. The year before that I asked approximately 5 per cent, and the beginning of the last year 10 per cent, making a total of 15.

Senator SHEPPARD. If you get that increase, what will then be the return on your investment?

Mr. DUEHAY. Between 5 and 6 per cent.

TESTIMONY OF JOSEPH A. HAYDEN.

(The witness was duly sworn by Senator Sheppard presiding in absence of Chairman Ball and Senator Capper.)

Mr. MILLER. State your full name and place of business.

Mr. HAYDEN. Joseph A. Hayden; 1410 G NW.

Mr. MILLER. What is your business?

Mr. HAYDEN. Real estate business.

Mr. MILLER. Are you doing business under that name?

Mr. HAYDEN. Yes, sir.

Mr. MILLER. What apartments are you agent for in the city?

Mr. HAYDEN. I have four or five apartments, but the apartment I was especially told to prepare some data for was the Royalton, 918 M Street NW.

Mr. MILLER. Will you read into the record the apartments for which you are agent?

Mr. HAYDEN. 705 H; 913 I; 918 M; the Royalton; and 1820 K, the Vancouver.

Mr. MILLER. Do you handle any other real estate?

Mr. HAYDEN. Yes, sir; houses and business properties.

Mr. MILLER. Have you figures there that show the rents you have collected on the Royalton from 1914 on?

Mr. HAYDEN. Yes, sir.

Mr. MILLER. Will you read into the record the gross rents you have received on the Royalton for the years from 1914 to 1918, inclusive, and the expenses?

Mr. HAYDEN. These figures were taken down hastily and might not be exact to the penny.

Mr. MILLER. Just give them in round numbers, not to the penny.

Mr. HAYDEN. The gross rents in 1914 from the Royalton were \$10,444. The expenses were \$4,403. The net income was \$4,976. In 1915 the gross rent was \$10,395, \$100 less than in 1914; the expenses were \$2,304, and that discrepancy in the expense of 1914 and 1915 lies in the fact that the owner paid the expense account for seven months of that year; the net income, according to the books, was \$1,002. Of course, the owner had paid about \$2,000 of the expenses on the property, which would bring the net income to approximately what it was in 1914. In 1916 the gross rents were \$11,239; the expenses were \$3,937; and the net income, after deducting the insurance and taxes, was \$6,215. In 1917 the gross rents were \$11,889; the expenses were \$4,597; and the net income, after deducting taxes and insurance, was \$6,230. In 1918 the gross rents were \$12,079; the expenses were \$4,800; and the net income was \$7,279.

Mr. MILLER. Have you asked any increases for the year commencing October 1, 1919?

Mr. HAYDEN. Up to last June we had not increased any rents, and have not asked for any increases.

Mr. MILLER. Why?

Mr. HAYDEN. For no particular reason; we were satisfied to let things go the way they were. We were not losing any great amount of money, although our expenses had increased 100 per cent.

Mr. MILLER. You never intimated verbally or in any other way to your tenants that you would like to have them increase the rent?

Mr. HAYDEN. Up to June—not seriously. I did talk about in general.

Mr. MILLER. Did you ever say to them that in spite of the Saulsbury resolution you would like to have an increase of rent?

Mr. HAYDEN. No, sir; I never did. I raised one rent from the time the war started up to the present time, and that was at 94 A house that is worth \$45, which is renting for \$30.50, the old rent for years, and I increased that rent to \$35.50, which the tenant was willing to pay and did pay.

Mr. MILLER. Mr. Hayden; have you sent out any letters recently in the month of June, to your tenants?

Mr. HAYDEN. I wrote a letter in June asking the tenants to make arrangements with me for a new lease in the Royalton apartments to take effect on the 15th day of July, at an increase. The increase was from five to fifteen dollars a month, on rents running from \$15 to \$20. In other words, I asked \$65 for an apartment that is renting now for \$50. The apartments are specially large rooms, well kept, and the building is a first-class building in every way. It is not allowed to deteriorate. It is in an immaculate condition all the time.

Mr. MILLER. Did any of those tenants in the Royalton take advantage of the Saulsbury resolution and refuse to pay the increase?

Mr. HAYDEN. All but one; no, you mean this last in June?

Mr. MILLER. Yes.

Mr. HAYDEN. Yes, they did; they all came in and were perfectly willing to pay with the exception—well, with the exception of none. They were all willing to pay, that I approached.

Mr. MILLER. On July 7 you wrote a letter to Mrs. M. E. Sullivan, reading as follows:

DEAR MADAM: On the 25th of June you were advised that you could have a lease on your apartment for one year from the 1st of August, the lease to be signed on or before the 15th of July. This letter is to remind you that we have not heard from you in regard to this matter and we wish again to call your attention to the fact that tenants who have not signed or or before the date stated will no be given leases under any conditions whatsoever.

Mr. HAYDEN. To whom was that addressed?

Mr. MILLER. Mrs. M. E. Sullivan.

Mr. HAYDEN. Mrs. M. E. Sullivan. That was a mistake. I think Mrs. Sullivan had a lease that did not expire, if I am not mistaken.

Mr. MILLER. What was your object in sending these letters to your tenants, saying that if they did not sign the lease by the 15th of July you would not rent them an apartment under any circumstances?

Mr. HAYDEN. Well, I wouldn't, because a man owns a piece of property, and you go up there at 3 o'clock in the afternoon and the tenant is moving out and somebody else moving in. He has no control over the property whatever. These people feel like, if they have not signed a lease, they are under no obligations whatever.

Mr. MILLER. You think two and a half months' notice before the beginning of that fiscal year is proper?

Mr. HAYDEN. What do you mean?

Mr. MILLER. You wrote to Mrs. Sullivan that if she didn't come to terms within eight days after you wrote your letter, you would not rent to her under any circumstances?

Mr. HAYDEN. What is the date of that letter?

Mr. MILLER. The date of the letter is July 7.

Mr. HAYDEN. What did you ask me about that?

Mr. MILLER. You approve of sending more or less of a threat to your tenants under those circumstances.

Mr. HAYDEN. I don't call it a threat. It is a fact that we have got to have some rule whereby property is rented. The tenants are there without any agreement and we like to have them sign a lease, good, bad, or indifferent, just so we have a lease signed, and we know where we stand.

Mr. MILLER. Suppose the Saulsbury resolution protected these people, would you write them such a letter.

Mr. HAYDEN. The Saulsbury resolution was supposed to be gone out of effect. It was shortly after that that these letters were written.

Mr. MILLER. When it does go out of effect, if it is not replaced by other legislation, is it your intention to raise the rents in your apartment?

Mr. HAYDEN. It is absolutely necessary in order to produce enough income to warrant owning the property.

Mr. MILLER. Will the people who took advantage of the Saulsbury resolution be discriminated against in any way by you?

Mr. HAYDEN. No, sir; we are not fighting the tenants at all. Our object is to get enough money out of the property to make it a half-way decent investment.

Senator SHEPPARD. What do you consider a "half-way decent investment"?

Mr. HAYDEN. Well now, for instance, Senator, the Royalton Apartment brought 4 per cent net in 1914; and the increased rent that we are asking now, to go into effect in the year 1919—

Senator SHEPPARD. You mean from 1919 to 1920?

Mr. HAYDEN. Yes, sir.

Senator SHEPPARD. The rate you are going to put into effect for the next lease year?

Mr. HAYDEN. Yes, sir. We calculated that without taking into account the repairs we have made. You see, a tenant will come in and sign a lease giving us an increase, and we immediately do \$48 worth of painting. That is the way it goes. Our return will be a little less than 8 per cent on the investment, on the amount paid in cash for the property 10 years ago, or a little less than 7 per cent on what we consider the property worth to-day, and that is \$150,000.

Senator DIAL. Have you got your expenses there for the year in the aggregate?

Mr. HAYDEN. I have the expense for every month.

Senator DIAL. Have you got them by the year?

Mr. HAYDEN. Every month of the whole year.

Senator SHEPPARD. Have you the totals?

Mr. HAYDEN. Yes, sir.

Senator DIAL. I wanted to know of what they were composed.

Mr. HAYDEN. Do you want them itemized?

Senator DIAL. No. You stated a while ago that your annual income was about \$4,000.

Mr. HAYDEN. Yes, sir.

Senator DIAL. Your expenses were so much?

Mr. HAYDEN. Yes, sir.

Senator DIAL. What went to make up those expenses?

Mr. HAYDEN. The expenses were made up of this?

Senator DIAL. I wanted to get the amount.

Mr. HAYDEN. It would be so much for a janitor, and so much for—

Senator DIAL. No; that is not what I want. You say \$4,443 was the expense during the year 1914.

Mr. HAYDEN. Yes, sir; I have got that here. That is down here 12 months, \$463 in January.

Senator SHEPPARD. How much of that \$4,400 was for repairs?

Mr. HAYDEN. We paid in January—

Senator DIAL. I mean last year?

Mr. HAYDEN. The expense was \$4,800.

Senator SHEPPARD. What part of that would be repairs, approximately?

Mr. HAYDEN. Outside of janitor's service, which is \$90 a month \$720, the expense for repairs would be about \$3,000.

Senator SHEPPARD. And the other was service?

Mr. HAYDEN. Yes, sir; janitor service and light and power.

Senator SHEPPARD. And fuel?

Mr. HAYDEN. And fuel.

Senator DIAL. Wasn't your expense pretty large compared with the income?

Mr. HAYDEN. It is pretty high. Coal costs a good deal more; wages cost more. The janitor cost us \$90 instead of \$40. The elevator girls cost us \$30 and \$35 instead of \$10 or \$15.

Senator DIAL. How much have you increased wages during the last year?

Mr. HAYDEN. One hundred per cent.

Senator DIAL. Have you any vacant apartments now?

Mr. HAYDEN. No, sir; we very seldom had any apartments vacant in that building since 1914. At one time we had four, then three, then two, then none.

Senator SHEPPARD. What do elevator operators get now?

Mr. HAYDEN. The janitor operates the elevator, and his wife and family. We pay the janitor \$90 a month. His wife is an expert operator, and he is.

Senator SHEPPARD. What do you pay the telephone operators?

Mr. HAYDEN. He takes care of the switchboard.

Mr. MILLER. Have you received any complaints from your tenants about the janitor?

Mr. HAYDEN. Oh, yes.

Mr. MILLER. Is he a white man or a negro?

Mr. HAYDEN. He is a colored man.

Mr. MILLER. What has been the nature of the complaints?

Mr. HAYDEN. We have had complaints about every janitor we have ever had, all kinds of complaints.

Mr. MILLER. Have the tenants ever told you they didn't think he was fit to be around women?

Mr. HAYDEN. Oh, yes.

Mr. MILLER. What was done about that?

Mr. HAYDEN. What can we do? We go into these complaints to see whether they are justified or not. We make a personal inspection of that building every day in the year, at least twice a day, from our office, and we know that conditions that exist there, and what kind of a janitor we have. We know all about the property and we are in a better position to judge the janitor than any tenant that lives there, because we are in contact with him all the time, because the tenant might see him to-day and might not see him again for a week.

Mr. MILLER. You said you valued the Royalton at how much?

Mr. HAYDEN. \$150,000.

Mr. MILLER. Are you charging rent accordingly?

Mr. HAYDEN. No, sir. I told you that on the increased rent which we expected to get, on \$150,000, it would be less than 7 per cent net on the investment.

Mr. MILLER. The appraiser of the District only valued the Royalton at \$100,000.

Mr. HAYDEN. We paid in cash \$122,500 for it 11 years ago.

Mr. MILLER. You paid it in cash?

Mr. HAYDEN. In cash. It is subject to encumbrances of \$90,000, first trust.

Mr. MILLER. I brought it out, because the assessor's figures we find are generally fair.

Mr. HAYDEN. The facts are, we paid \$122,500 for the property 12 years ago.

Mr. MILLER. It is the first time there has been such a variance in any of the people we have had here who have owned apartments. You have raised your rent on the Royalton approximately \$20 a month?

Mr. HAYDEN. No.

Mr. MILLER. You have not?

Mr. HAYDEN. No. The highest rent is \$65 a month, from \$50.

Mr. MILLER. Did you ever intimate to some of your tenants that you were not charging them an increase because they came under the Saulsbury resolution?

Mr. HAYDEN. No. In that building we have three tenants who are not paying the increase. One of them is Mrs. Joyce, whose husband is in the Army in France.

Mr. MILLER. An Army officer?

Mr. HAYDEN. Yes, sir; she pays \$40 a month, and we have never approached Mrs. Joyce for an increase. We would not think of doing it. Mrs. Purcell lives in apartment 30. We would never ask her for an increase. If she ever got a letter from our office asking for an increase in rent it was by error.

Mr. MILLER. She did get one, and it was introduced in evidence here.

Mr. HAYDEN. It might be for a Mrs. Pursel that lives next door to her, that spells her name P-u-r-s-e-l. I can't believe, unless I saw the letter, that we never sent a letter to her.

Mr. MILLER. I think I can show it to you.

Mr. HAYDEN. It is an error, anyway, because we didn't intend to raise the rent in a case of that kind.

Mr. MILLER. Here is the one that was introduced the other day.

Mr. HAYDEN. That was Mrs. Pursel, in No. 40. That is not the woman.

Senator SHEPPARD. That is not an increase for the lady who gave the testimony here?

Mr. HAYDEN. No, sir; it is not. Her name is Purcell. This lady's name is spelled Pursel. I don't think that lady ever got a letter.

Mr. MILLER. There were two ladies that appeared before the committee the same day by that name.

Mr. HAYDEN. I have not talked to Mrs. Purcell who made that complaint, except the other day when I passed her to say "How do you do," for six months.

TESTIMONY OF HARRY R. CARROLL.

(The witness was duly sworn by Senator Sheppard.)

Mr. MILLER. State your name and address, and the firm for which you work.

Mr. CARROLL. Harry R. Carroll; 714 Twelfth Street NW.; co-partner in the Carroll Electric Co.

Mr. MILLER. Do you have an apartment house in this city?

Mr. CARROLL. Yes, sir.

Mr. MILLER. What is the address?

Mr. CARROLL. The one I am asked to give information on is 1736 T.

Mr. MILLER. Do you own any other apartments?

Mr. CARROLL. Yes, sir.

Mr. MILLER. Where are they?

Mr. CARROLL. 1738 T; 1514 S, all northwest.

Mr. MILLER. That is the only real estate you are interested in?

Mr. CARROLL. That is all I have, other than my home where I live, and my business place.

Mr. MILLER. How long have you owned 1736 T?

Mr. CARROLL. Since May 1, 1918, if my recollection serves me correctly.

Mr. MILLER. Have you figures to show the rent you have obtained from that apartment since you have owned it?

Mr. CARROLL. Yes, sir.

Mr. MILLER. Will you give the committee the total rent you have received from it since that time?

Mr. CARROLL. According to this record kept by the bookkeeper in the employ of the company, the total rent for 1917 was \$1,201.85.

Senator SHEPPARD. What does the investment represent?

Mr. CARROLL. I recently refused \$12,500 for it.

Senator SHEPPARD. Do you contemplate an increase in rent for next year?

Mr. CARROLL. I will have to do it, unless I continue helping to pay some one else's rent.

Senator SHEPPARD. With the increase in rent, what will be your return?

Mr. CARROLL. I figured that on the basis of 10 per cent on the investment.

Senator DIAL. Do you rent to people who have boys in their families?

Mr. CARROLL. Yes, sir. I have two boys in my family and I am proud of it. Any nian can rent a house from me that has a baby. It is the people who live in these houses that make the complaints. It isn't the owners that complain about the kids. No real American would. It is the fellow that lives in the house and don't want to be disturbed at night.

If I may have the indulgence of the committee, I would like to correct the statement of Mrs. McCauley, that was given here.

Senator Sheppard. Go ahead.

Mr. CARROLL. In the first place, I wish to express my appreciation of the privilege of appearing before this honorable body, and with the indulgence of this committee I should like to correct an impression in the local press of recent date, in which a tenant renting from me, by insinuation or otherwise, placed me in the category of a "profiteer."

One day this week Mr. or Mrs. McCauley made the statement before this committee that in order to rent an apartment located at 1736 T Street NW. from me she was compelled against her wishes to pay \$50 for certain household furniture which was of no value to her and which was in a dilapidated condition at time of purchase. I gained from the newspaper article that Mrs. McCauley tried to impress this committee that she had been imposed upon in the purchase of this furniture which was necessary to obtain the use of the apartment in question. Mrs. McCauley made the further statement that in my conversation with her regarding the matter of furniture I stated "Madam, you have eyes."

If the facts in the case prove that I am guilty of profiteering, I wish to be so accused and known in the community, while, on the other hand, if the facts indicate to the contrary, I should like to have my reputation as an honorable business man continued.

Now, as a matter of fact, to my knowledge I have never had the pleasure of either meeting or seeing Mrs. McCauley. I further wish to refute in its entirety any statement that I have ever made to Mrs. McCauley as to having eyes or otherwise; and for the information of this committee, in so far as her charges of having to buy furniture in order to gain admission to the apartment in question, I wish to state that as an accommodation I had delivered to my home for storage furniture going to make up a furnished apartment, which Mrs. McCauley wished to rent unfurnished, with the exception of certain pieces, all in perfect repair but used, which Mrs. McCauley agreed to purchase at a price equivalent to about one-half of their cost. I had no complaint at any time from Mrs. McCauley, directly or indirectly, either as to the inferiority of the furniture purchased or as to her having to purchase the furniture in order to rent the apartment in question, and it is therefore my impression that her statement before this committee was a prejudiced one and had the effect of injuring my integrity in the community which I now call home.

In other words, the apartment was a furnished apartment, but she wished to rent it unfurnished, and as an accommodation to her, and also to prevent losing money, to be honorable about it, I took \$290 worth of furniture to my house and stored it and left \$50 worth in the apartment, which she must have selected. I don't know about that. My representative handled it. Mrs. McCauley agreed with my representative to pay the rent, a bona fide agreement, and to buy the furniture for \$50. Any day she wants the \$50 back and will deliver the furniture she may have it.

Mr. MILLER. What did she pay for the apartment?

Mr. CARROLL. I think \$65.

Mr. MILLER. Do you know what the same apartment rented for unfurnished before that?

Mr. CARROLL. I think \$40.

Mr. MILLER. Had you finished your statement?

Mr. CARROLL. I have not altogether.

Mr. MILLER. She testified that her rent was \$31. You think you rented it for \$40?

Mr. CARROLL. If she rented it from me, I don't know it, and he name does not appear in our rent book, to my knowledge. She moved in there, I think, on the 1st day of July. She has refused to pay her rent since then.

Senator SHEPPARD. Just finish your statement.

Mr. CARROLL. I gave you the figures on the rent and the expense on the three story and basement building which they call an apartment.

Senator SHEPPARD. You have given the figures on that?

Mr. CARROLL. Yes, sir.

TESTIMONY OF LOUIS E. TANNER.

(The witness was duly sworn by Senator Sheppard.)

Mr. MILLER. State your name and address and place of business.

Mr. TANNER. Louis E. Tanner, 518 Jenifer Building, manager of the Ashley apartment house.

Mr. MILLER. Have you connection with any other apartment house in the city?

Mr. TANNER. No, sir.

Mr. MILLER. Can you give the committee any information showing the amount of rent received that apartment from 1914 down?

Mr. TANNER. I have only had charge of it since 1918.

Mr. MILLER. Who owns the apartment?

Mr. TANNER. The Ashley Apartment House Co., composed of Alexander Wolf, Morris V. Rosenberg, Louis Bush, and Mrs. Lena T. Minier.

Mr. MILLER. What do you value the apartment at?

Mr. TANNER. I understand they bought it in 1909 for \$90,000.

Mr. MILLER. Did they pay cash for it?

Mr. TANNER. There is a trust of \$45,000 on it and they paid \$30,000 cash. There was a second trust of \$15,000, which has been paid off since.

Mr. MILLER. What is the annual rental value of that apartment?

Mr. TANNER. The annual rent in 1918 was \$11,559.

Mr. MILLER. Can you give the committee other figures in connection with the expenses of this apartment since you have taken it over?

Mr. TANNER. Yes, sir; do you want the itemized amounts or the total?

Mr. MILLER. The total expense.

Mr. TANNER. \$9,308.26.

Mr. MILLER. What was your net profit from the apartment?

Mr. TANNER. \$2,250.74.

Mr. MILLER. What percentage is that?

Mr. TANNER. That is 5 per cent, without considering any depreciation on the property?

Mr. MILLER. Have the rents been raised since you took over the apartment last year?

Mr. TANNER. I took over the apartment in November, and they are asking approximately 15 per cent raise this year.

Mr. MILLER. To go into effect when?

Mr. TANNER. To go into effect the 1st of September; but there are only two-thirds of the tenants who have agreed to pay the increase.

Mr. MILLER. Why haven't the others agreed to pay it?

Mr. TANNER. I don't know; I suppose they don't care to.

Mr. MILLER. In other words, they took advantage of the Saulsbury resolution?

Mr. TANNER. They took advantage of the Saulsbury resolution.

Senator SHEPPARD. In case you get the increase you want for the coming year, what percentage will that make on the investment?

Mr. TANNER. If we get the increase the total return will be \$13,584, and the estimated expenses of last year will be \$9,800.

Senator DIAL. That is, assuming all of the apartments will be rented all the time?

Mr. TANNER. Yes, sir. They are all rented.

Senator SHEPPARD. What is the investment total?

Mr. TANNER. You mean the cost of the apartment?

Senator SHEPPARD. What do you consider the place worth in order to estimate what your return will be if you get that increase?

Mr. TANNER. I don't know just what the actual value of the property is now. They paid \$90,000 for it in 1912.

Senator SHEPPARD. What is the assessed value of it?

Mr. MILLER. \$81,000.

Mr. TANNER. I think the net return for next year would be around 6 per cent, without considering any depreciation.

Mr. MILLER. Have you ever at any time intimated to your tenant that those who took advantage of the Saulsbury resolution would be discriminated against when that resolution expired?

Mr. TANNER. No, sir.

Mr. MILLER. We have had tenants before this committee who say that such an intimation has been made by the manager.

Mr. TANNER. Not by me.

Mr. MILLER. Do you know what is the attitude of the owner toward people who may have taken advantage of the Saulsbury resolution?

Mr. TANNER. I know they probably would feel more friendly toward them if they had admitted the increase, but I have not heard of any discrimination against them.

Mr. MILLER. They can't discriminate now, as the act is still in effect.

Mr. TANNER. I don't believe, knowing them as I do, that the owners would discriminate.

Senator DIAL. Isn't your estimate of expenses pretty high?

Mr. TANNER. I don't believe it is; it is based on the actual figures for 1918, and those show \$9,308. I think it is very reasonable.

TESTIMONY OF NORMAN L. CLARK.

(The witness was duly sworn by Senator Sheppard.)

Mr. MILLER. You may state your name and address.

Mr. CLARK. Normal L. Clark, 233 East Twenty-fifth Street, Baltimore.

Mr. MILLER. How long have you lived in Baltimore?

Mr. CLARK. About 8 months.

Mr. MILLER. You have not resided in Washington at all?

Mr. CLARK. Part of that time.

Mr. MILLER. You were called here, I might say, for the benefit of the committee, because the people who served our summons have been unable to get in touch with your mother, Mrs. G. A. Clark, who reported to own the apartment at 1873 California Street, and neither you or your sister would give any information as to when your mother would be back.

Mr. CLARK. She owns no apartment house at that address.

Mr. MILLER. I beg your pardon; 1724 T. Is that correct?

Mr. CLARK. Yes, sir. When the young man came, I informed him my mother was away and would be back about the last of next week. That was as definite information as I could give him.

Mr. MILLER. Do you know anything about the operation of that apartment?

Mr. CLARK. Up to May 1 I do. I practically managed it in an informal way up to that time, but after May 1, owing to the fact that I lived in Baltimore and it was increasingly difficult for me to get over here, I finally gave it up and have had nothing to do with it since then.

Senator DIAL. May 1 this year?

Mr. CLARK. Approximately May 1 this year.

Mr. MILLER. How long did you act as manager?

Mr. CLARK. In the neighborhood of a year.

Mr. MILLER. How long has your mother owned that place?

Mr. CLARK. The best I can do is give you the approximate date, but I should say since about 1914 or the early part of 1915.

Mr. MILLER. You have brought no figures with you showing the rents?

Mr. CLARK. I have none. The figures I had—I don't know where they are. I turned everything over to them. I can tell you pretty much what the figures were during the time I had charge.

Mr. MILLER. What is the total annual rent you collected?

Mr. CLARK. About \$3,000.

Mr. MILLER. How many apartments?

Mr. CLARK. Eight.

Mr. MILLER. What were your expenses?

Mr. CLARK. Our expenses were light, for the reason that I charged no commission. That saved a large item of expense. Furthermore, I spent all my vacation and my Saturdays, I came over here from Baltimore and did most of the repairing myself. That helped it a good deal. Before that time those expenses were some of the biggest items. Our coal ran about \$180.

Senator SHEPPARD. \$180 a month?

Mr. CLARK. No, sir; for the year. It is just a small apartment. The janitor we are now paying \$22 a month.

Mr. MILLER. He lives in the apartment?

Mr. CLARK. Yes, sir.

Mr. MILLER. Can you get figures from your mother and send them to the committee, showing the total annual rent you have charged for that apartment from the time your mother owned it until the end of the last fiscal year?

Mr. CLARK. I can not do that within a week. I doubt if I can give it to you then, because I don't think my mother is capable of doing the necessary bookkeeping.

Mr. MILLER. Isn't there someone that can give the committee that information?

Mr. CLARK. I could if I had the papers. I don't know where they are now. I don't know how I could get them before she returns.

Mr. MILLER. That is what we want you to do.

Mr. CLARK. I can give you pretty near the exact figures up to May 1.

Mr. MILLER. We want the figures from your books showing the total rent you have received from year to year during the time your mother has owned the apartment, from 1914 down to and including the last fiscal year, and want them sent to Senator Ball's office when your mother returns.

Mr. CLARK. I couldn't give you all those figures. We have none until I took charge. There was no such thing as figures while the real estate agent had charge of it.

Mr. MILLER. Then you will please write them out and send them in to Senator Ball, because we want it in that shape.

Mr. CLARK. For the past year?

Mr. MILLER. From 1914 down.

Mr. CLARK. I can't give it to you. The real estate agents had it then.

Mr. MILLER. I wish you had said that in the first place.

Mr. CLARK. I did.

Mr. MILLER. I understood that you and your mother were managing the apartment the last few years.

Senator SHEPPARD. You can get it for the last year?

Mr. CLARK. Yes, sir.

Senator SHEPPARD. Do you contemplate any increase this year in the rent?

Mr. CLARK. I don't know.

Mr. MILLER. Do you know what you paid for the apartment?

Mr. CLARK. No, sir; I don't. It was in the neighborhood of \$30,000.

Senator SHEPPARD. What is its assessed valuation?

Mr. MILLER. \$23,910.

Senator SHEPPARD. You were getting about \$3,000 a year last year?

Mr. CLARK. Yes, sir.

Mr. MILLER. I will say, for the benefit of the committee, that increases have been demanded from the tenants of this apartment, and rather large increases.

Senator SHEPPARD. For the coming year?

Mr. MILLER. Yes, sir; almost 35 and 40 per cent. The reason the young man was brought here was that, for some reason or other, our man could not get any information from him, and we thought he was brought down here he might be spurred to some effect.

Senator SHEPPARD. That will close the hearing for to-day. We will adjourn until 2 o'clock to-morrow.

(Thereupon, at 4.30 p. m., the committee adjourned until 2 o'clock p. m., Friday, August 29, 1919.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

FRIDAY, AUGUST 29, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., the committee room, Capitol, Senator L. Heisler Ball, presiding. Present: Senators Ball (chairman) and Sheppard.

Present also: Mr. Thomas W. Miller.

Chairman BALL. The committee will come to order. We will call at Miss Maretta Hartshorn.

TESTIMONY OF MARETTA HARTSHORN.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Miss Hartshorn, will you give your full name and address, please?

Miss HARTSHORN. Maretta Hartshorn.

Mr. MILLER. And your address?

Miss HARTSHORN. 421 Iowa Avenue NW.

Mr. MILLER. This young woman has been called as a witness because she is one of the citizens of the District upon whom the Saulsby resolution has reacted the other way, and the Senators would like to hear her testimony.

Will you just proceed with your story, please?

Chairman BALL. Just as briefly as possible, if you please, because I know pretty nearly the conditions, I think; we have had so many brought to our attention.

Miss HARTSHORN. I will try to make it as brief as possible.

My sister and I are working for the Government. In June, 1918, I bought a house located at 2430 Twentieth Street NW.

Mr. MILLER. Please give the price you paid, and the size of the

Chairman BALL. I do not know that that is material, because she wants to show that she can not get back her house.

Ms HARTSHORN. The price of the house was \$7,000. It is a seven-room house. We bought it with a thousand dollars cash payment and the arrangement of making monthly payments on a rental plan. We have paid, all together, \$3,000 on the house, owing \$4,000 on the trust with the Equitable Association.

We have been unable to get possession of the house, both through courts and through appeals to the man who occupies the house.

The case was tried in early November, 1918, before Judge Terrell, and the case was decided in favor of Mr. Marsh, and the court stated that he considered it a matter of convenience rather than of necessity, because at that time we were living in two rooms and were expecting our mother with us when we were going to keep house.

Mr. MILLER. Will you kindly state who is occupying the house, since you mentioned his name?

Miss HARTSHORN. A. H. Marsh. He is assistant manager, and Mr. Marsh tells me that he has been promoted to that position with the National City Co., located at seven hundred and something Fifteenth Street. Mr. Marsh had a lease, and it had expired in March, before we bought the house in June.

Chairman BALL. You have never been able to get possession of that house?

Miss HARTSHORN. We have never been able to get possession of it. My mother became seriously ill on the 20th of March, and we were told we must leave those two rooms; we had to move where it was cooler. We have rented a place in the suburbs which we could use while the people were away on their vacation, with the promise to vacate. We rented it until September 1. We have no place to go to enable us to take care of mother properly. We are exceedingly anxious to get hold of it at once.

Senator SHEPPARD. Why was it that you could not get your own home—because of the Saulsbury resolution?

Miss HARTSHORN. Judge Terrell decided, according to his interpretation of the Saulsbury law, that it was a matter of convenience and not of necessity. He also quoted from Shakespeare about the exigencies of time, which I do not understand—

Senator SHEPPARD. Shakespeare and Saulsbury, both?

Miss HARTSHORN. Shakespeare and Saulsbury, both.

Chairman BALL. Did you understand that the lease was running when you bought the house?

Miss HARTSHORN. The lease had expired in March.

Chairman BALL. When did you buy it?

Miss HARTSHORN. We bought it in June.

Chairman BALL. But the parties were still living in the house?

Miss HARTSHORN. They were still living in the house; but we were given verbally their assurances that we could get possession of that house by the 1st of September, and, possibly, if we did not, then 10 or 12 or 15 days later. I did not care particularly about the 15 days at that time.

Mr. MILLER. Does Mr. Marsh own a house here in the city?

Miss HARTSHORN. Mr. Marsh has a home on Garfield Street, which is approximately the same size, I understand, as our house. He paid \$500 more, some time later. Mrs. Marsh told me he has paid \$7,500 for it.

I might add that he is renting it for \$75 a month. The rent was fixed by the court for him. For us nothing was done in regard to rent; he is paying us \$48 which includes his water rent, which he has to pay in order to have any water.

Chairman BALL. He is receiving \$75 for his own house?

Miss HARTSHORN. He is receiving \$75 for his own house.

Chairman BALL. He will not give you possession of yours, and he is only paying you \$48.

Miss HARTSHORN. Yes, sir; about the same sized house. I understand that there is another floor, but about the same number of rooms.

TESTIMONY OF DR. JOSEPH D. COBLENTZ.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please state your name, your address, and your business.

Dr. COBLENTZ. I am Joseph D. Coblentz. My address is North Capitol and Florida Avenue.

Mr. MILLER. What is your profession?

Dr. COBLENTZ. A druggist.

Mr. MILLER. Do you own apartment houses in the District of Columbia?

Dr. COBLENTZ. Yes, sir.

Mr. MILLER. Name them.

Dr. COBLENTZ. That is the only one I own.

Mr. MILLER. Which one?

Dr. COBLENTZ. The Coblentz.

Mr. MILLER. Where?

Dr. COBLENTZ. No. 10 Florida Avenue.

Mr. MILLER. How long have you owned that?

Dr. COBLENTZ. Fifteen years.

Mr. MILLER. Have you figures with you that will show the committee what you have derived from that apartment for the last few years?

Dr. COBLENTZ. Yes, sir.

Mr. MILLER. Read into the record the amount of rentals collected in the year and the expense.

Dr. COBLENTZ. I collected, in 1917, \$4,362. My expenses were \$3,863.50. My profit was \$498.50.

In 1918 I collected, in all, \$4,734.50. My expenses were \$6,532.40, showing a loss of \$1,797.96.

Mr. MILLER. In your expenses do you include any salary or allowance for yourself?

Dr. COBLENTZ. No, sir.

Mr. MILLER. What expenses do you include?

Dr. COBLENTZ. The running of the apartment house and three houses.

Mr. MILLER. What three houses?

Dr. COBLENTZ. Adjoining the apartment house.

Mr. MILLER. Do you rent those houses adjoining your apartment house?

Dr. COBLENTZ. Yes, sir.

Mr. MILLER. Do you live in one of them?

Dr. COBLENTZ. No, sir; I live in the apartment.

Mr. MILLER. Do you count the rent of your apartment in the collections?

Dr. COBLENTZ. Yes, sir.

Mr. MILLER. No member of your family receives any salary or wages in connection with it?

Dr. COBLENTZ. No, sir.

Mr. MILLER. Did you bring any suits at any time to dispossess your tenants of their apartments?

Dr. COBLENTZ. I did, one, some time ago.

Mr. MILLER. Are you familiar with the circumstances?

Dr. COBLENTZ. Yes, sir. Mrs. Stern was living in the apartment. She voluntarily moved out three months later.

Mr. MILLER. What was your reason and purpose for bringing the suit?

Dr. COBLENTZ. Why, she took in eight or nine—she sublet room to eight or nine young ladies.

Mr. MILLER. How many rooms did Mrs. Stern have in her apartment?

Dr. COBLENTZ. It was a five-room apartment.

Mr. MILLER. How could she take eight or nine people—

Dr. COBLENTZ. That is what she did.

Mr. MILLER. We have the facts brought out before us that she only had one living there. I have the record before me here.

Dr. COBLENTZ. She did, eventually, have but one.

Mr. MILLER. But you have just stated that she had eight or nine.

Dr. COBLENTZ. Yes, sir.

Mr. MILLER. It is shown in the record that that case was decided against you in the highest court in the District of Columbia; that she was not subletting, that she had one girl there, who was a war worker occupying one of her rooms.

What kind of a proposition did you make to Mrs. Stern before you brought that suit?

Dr. COBLENTZ. When she leased that apartment I said that it was for only Mr. and Mrs. Stern, in writing, plain.

Mr. MILLER. The court decided that she was not subletting?

Dr. COBLENTZ. Yes, sir; the court decided that she was not subletting, that subletting rooms was not subletting under the present circumstances. That is what he decided.

Mr. MILLER. The facts brought out in the case were at variance with your statement that she had eight or nine living there?

Dr. COBLENTZ. She had eight or nine rooming there.

Mr. MILLER. You have just admitted that the facts in the case were that she had only one person living there.

Dr. COBLENTZ. Eventually.

Chairman BALL. He said she had eight or nine, but that at a later time she had only one.

Dr. MILLER. Did you ever make a proposition to Mrs. Stern that if she would pay \$5 increase in rent you would not prosecute the suit?

Dr. COBLENTZ. No, sir; I made no such proposition.

Mr. MILLER. Those facts were brought out in the trial which was decided against you.

Dr. COBLENTZ. No; they were not. I beg your pardon.

Mr. MILLER. I have the paper right here before me.

Have you at any time notified your tenants that they must have an increase in rent since the Saulsbury resolution went into effect?

Dr. COBLENTZ. No, sir; not a single one.

Mr. MILLER. You have never notified them in writing or verbally to that effect?

Dr. COBLENTZ. No, sir.

Mr. MILLER. Testimony has been given before this committee showing that you not only had asked for an increase in rent,

that you had taken more or less unpleasant means to accompany your request.

Dr. COBLENTZ. I deny that.

Mr. MILLER. Are you familiar with the testimony I am referring to?

Dr. COBLENTZ. Yes, sir.

Mr. MILLER. The committee would like to hear what you have to say about it if you want to be heard briefly.

Dr. COBLENTZ. Only what I saw in the newspapers, if that is all of it.

Mr. MILLER. Go ahead.

Dr. COBLENTZ. It was stated in the newspapers that I had notified some of the tenants that the rent would be increased to \$75. That is a falsehood. I never had any thoughts whatever along that line.

Mr. MILLER. Then, Doctor, you have no intention whatsoever of increasing rents in the Coblentz Apartment?

Dr. COBLENTZ. No, sir. I know the Saulsbury Act from beginning to end, and I know the meaning of it, and I never had any intention of raising the rents. I knew I could not get a cent more, so there was no occasion for me to ask for more.

Chairman BALL. You never sent any of your tenants a written notice to that effect?

Dr. COBLENTZ. No, sir.

Chairman BALL. You have no written notices on file here?

Mr. MILLER. No, except the testimony and the statement of a former witness before the committee, Capt. Peyser, that this particular witness was one of the people in the District of Columbia who made it very unpleasant for tenants during the housing difficulties winter before last.

Dr. COBLENTZ. I deny that.

Mr. MILLER. We are bringing out the facts testified to the other day. You have not any facts to rebut it except to deny that testimony?

Dr. COBLENTZ. Yes, sir.

Mr. MILLER. You do not want to do anything more than just to make a yes or no denial of it?

Dr. COBLENTZ. I do not know exactly the charges—

Mr. MILLER. If you saw the newspaper articles—

Dr. COBLENTZ. That is all that was published in the newspapers; and the newspapers suggested that I be brought down here before the committee. That is all that was said. If you have any further charges against me I can explain them.

Mr. MILLER. Does the committee want to pursue it any further?

Chairman BALL. If there is any evidence to show an attempt at profiteering we do. Of course, we want all the evidence we can get or that is going to benefit us in correcting this evil.

Dr. COBLENTZ. Certainly.

Chairman BALL. This is not a trial that we are conducting here. We have no idea of any persecution in any sense, but we want the conditions that exist, because we want to recommend legislation to correct those conditions. In order to do that we must have complete testimony. I requested at the beginning that all these people file with

the committee written statements sent to tenants as to advances in rent. You did not send any written statement?

Dr. COBLENTZ. No, sir; I did not.

Chairman BALL. Of course, then, we have no written statement filed by you?

Dr. COBLENTZ. No, sir.

Chairman BALL (addressing Mr. Miller). We have statement filed by some of the others, have we not?

Mr. MILLER. Yes.

Dr. COBLENTZ. A statement that I have given in writing that rent would be increased?

Chairman BALL. I said I instructed that all written statement received by those testifying, from owners of apartments, should be filed with the committee as positive evidence. You deny that you have attempted to advance rents?

Dr. COBLENTZ. Yes, sir. I have got it here in writing, too.

Chairman BALL. You are charging the same rents now that you did in 1915?

Dr. COBLENTZ. Charging the same rent; yes, sir. The leases began in August, 1919, and they are paying the same rents now as they did before. In the meantime, there have been one or two places become idle, and I leased them at \$45 per month. The others have been paying rent, on the average, \$33, some \$32.50, some \$33.50, and some \$33. I have leased the ones that became idle at \$45. Some of the others are paying \$60 with the privilege of subletting, and they have taken in several young men.

Chairman BALL. You make, then, some leases with the privilege of subletting?

Dr. COBLENTZ. Yes, sir. One man rents at \$60. Without the subletting, the rent is \$45 at my new price.

Chairman BALL. That is rather important evidence; \$15 additional per month for the privilege of subletting?

Dr. COBLENTZ. Yes, sir.

Chairman BALL. To come back to the woman that you claim housed eight or nine people in at one time, how long were those eight or nine people in that home?

Dr. COBLENTZ. Mr. Stern was drafted and they were not there very long; and had I known that I would not have brought suit against them.

Chairman BALL. It was simply because of emergency that eight or nine were housed there for a short time?

Dr. COBLENTZ. I did not know it was an emergency. If they had explained to me I would not have interfered.

Mrs. Raum, who occupied apartment No. 4, had also three or four girls in her apartment.

Senator SHEPPARD. Are you going to raise your rents for next year?

Dr. COBLENTZ. If I have the privilege.

Senator SHEPPARD. How much?

Dr. COBLENTZ. To \$45. I have to do that.

Senator SHEPPARD. What return will that give you?

Chairman BALL. About what per cent?

Senator SHEPPARD. What percentage will that be over your present rentals?

Dr. COBLENTZ. I lost \$1,700 last year.

Senator SHEPPARD. But what percentage will the increase be over your present rent if you raise your rent, as you intend, next year?

Dr. COBLENTZ. I have only four in the building paying \$33. The rest are paying \$45 and \$60. I have only eight apartments in all.

Senator SHEPPARD. You have not figured out what percentage of increase it will be?

Dr. COBLENTZ. No, sir. I do not figure on percentage; I figure on 20 cents on the dollar or 25 cents on the dollar. Percentage is deceiving to me. I do not come out straight on it.

Senator SHEPPARD. What return will you get on your investment, if your rents are increased next year?

Dr. COBLENTZ. That I did not figure.

Mr. MILLER. Did the inspector of police ever come to you about not having enough heat in your apartment?

Dr. COBLENTZ. Yes, sir. That was in March, when the furnace broke down that I did not have any heat.

TESTIMONY OF JOHN O'HAGAN.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Mr. Chairman, I understand that the owner of the apartment, Mr. Galloway, is here. Can he be sworn at the same time, in case we desire to ask him any questions?

Chairman BALL. Yes.

(Mr. John R. Galloway was thereupon duly sworn by Chairman ball.)

Mr. MILLER. Will you give your full name, Mr. O'Hagan? And your business; also your place of business?

Mr. O'HAGAN. John O'Hagan, 734 Fifteenth Street, cashier for the E. P. Schwartz Corporation.

Mr. MILLER. What is their business?

Mr. O'HAGAN. Real estate.

Mr. MILLER. Have you a list of the apartments for which the Schwartz Corporation are agents?

Mr. O'HAGAN. All their apartments?

Mr. MILLER. Yes.

Mr. O'HAGAN. No. The Henrietta is the only one.

Mr. MILLER. For how many apartments are you agent?

Mr. O'HAGAN. I suppose six or seven.

Mr. MILLER. Can you name them? We would like to have them in the record.

Mr. O'HAGAN. The Henrietta, 933 N; the Brandon, 1210 Massachusetts Avenue; the Bluemont, 1200 Massachusetts Avenue; the Panama, 913 M Street; the Seton, Delaware Avenue and First. That is all.

Mr. MILLER. Have you sent out any notices to your tenants that their rents were to be raised after October 1?

Mr. O'HAGAN. To the Henrietta only.

Mr. MILLER. What figures have you about the Henrietta Apartments? How long has Mr. Galloway owned the Henrietta Apartments?

Mr. O'HAGAN. Since 1902.

Mr. MILLER. Do you know what he paid for it at that time?

Mr. O'HAGAN. Personally, I do not.

Mr. MILLER. Mr. Galloway, can you enlighten the committee on that?

Mr. GALLOWAY. Yes, sir. I owned that apartment since 1900. It cost about \$72,000.

Mr. MILLER. Cash actually paid in?

Mr. GALLOWAY. No, sir.

Mr. MILLER. What does it represent, please?

Mr. GALLOWAY. There is a deferred payment on the property now

Mr. MILLER. But you eventually paid \$72,000?

Mr. GALLOWAY. After the deferred payments are paid up; yes, sir

Mr. MILLER. How many apartments are there in the Henrietta

Mr. GALLOWAY. Twenty.

Mr. MILLER. Will you give the committee the total amount of rentals you have received from the Henrietta, say, from 1914 down

Mr. GALLOWAY. I received \$9,060 per annum.

Mr. MILLER. Every year from 1914 down?

Mr. GALLOWAY. Yes, sir; practically every year. There have been a very few periods when the apartment was not 99 or 100 per cent full. That is why I say per annum.

Mr. MILLER. It was full before the war rush came to Washington

Mr. GALLOWAY. Yes, sir.

Mr. MILLER. What were the expenses of running the apartment those years?

Mr. GALLOWAY. About \$5,700. That includes the interest on the deferred payment.

Mr. MILLER. During those years, then, have you had a loss running the apartment?

Mr. GALLOWAY. Well. I can practically say no.

Mr. MILLER. What was the percentage of profit on your investment?

Mr. GALLOWAY. In the beginning?

Mr. MILLER. No; I am speaking of from 1914 down to the present time.

Mr. GALLOWAY. From 1914 to the present time the percentage profit was a little over 4 per cent.

Mr. MILLER. Has that continued right along?

Mr. GALLOWAY. Yes.

Mr. MILLER. You have had a return of about 4 per cent on your investment uniformly?

Mr. GALLOWAY. Yes, sir. In 1917 it did not pan out quite so good, on account of the severe winter and the increased price of coal and the increased quantity or consumption of coal.

Mr. MILLER. Will you, Mr. O'Hagan, tell the committee why it is necessary to raise rents for the next fiscal year, commencing October 1, 1919?

Mr. GALLOWAY. It is necessary to raise the rent in order to get proper percentage on the money invested.

Mr. MILLER. Have you some figures there that you can give the committee?

Senator SHEPPARD. What will the percentage be when you raise the rents?

Mr. GALLOWAY. Twenty per cent increase, sir.

Senator SHEPPARD. In the rent?

Mr. GALLOWAY. Yes, sir. It will be a little over \$10,000—about \$1,812.

Senator SHEPPARD. What per centage will your profit be then?

Mr. GALLOWAY. It will be a fraction over 6 per cent.

Mr. MILLER. In other words, it is necessary to raise your rents 20 per cent in order to keep up the same percentage of income that you have derived from that apartment in the years gone by?

Mr. GALLOWAY. Absolutely; and to maintain the same efficiency with which the house is run.

Chairman BALL. That is just the evidence we want, exactly; and, unless he has something more, I should think that that is about all we want.

Mr. MILLER. Just one further point.

You say you will get 6 per cent on the rents charged next year, while your average per cent has been 4 from 1914 to 1918?

Mr. GALLOWAY. Yes, sir; 4 per cent in one case—a little less than 4 per cent.

Mr. MILLER. But if you have a 20 per cent raise in rent you will then derive approximately 6 per cent from your investment?

Mr. GALLOWAY. Practically; yes.

Mr. MILLER. That is all I have, sir.

TESTIMONY OF MR. ALLEN E. WALKER.

(The witness was duly sworn by Chairman Ball).

Mr. MILLER. Will you give your full name and address and your business, please?

Mr. WALKER. Allen E. Walker, president of the Allen E. Walker Co. (Inc.), 814 Fifteenth Street, NW.

Mr. MILLER. Are you agent for any apartment houses or owner of any apartment houses, Mr. Walker?

Mr. WALKER. My firm is agent for some 8 or 10 apartments.

Mr. MILLER. Will you please read into the record those apartments and the addresses of them?

Mr. WALKER. The Parkwood, 1746 K Street; the Albert, 1825 F Street; the Cora, Thirty-third and N Streets; the Leader, 310 Third; the Hoyt, in the 1300 block of Belmont Street; the Russell on Columbia Road between Seventeenth and Eighteenth. That is all I recall.

Mr. MILLER. Have you figures there relating to those apartment?

Mr. WALKER. No, sir; only in reference to the Parkwood. That is the one I understood you wanted.

Mr. MILLER. Can you give the committee the rentals you have received from the Parkwood and the expenses from 1914 down—or how far back do they go?

Mr. WALKER. No, sir; for the reason that our office only took over the rental agency of the Parkwood on June 1?

Mr. MILLER. This year?

Mr. WALKER. Yes. I can give you certain information if you would like me to.

Mr. MILLER. Did you have any connection with the Parkwood before June 1?

Mr. WALKER. No, sir.

Mr. MILLER. You did not own it or know anything about it?

Mr. WALKER. On June 1 the rental agency was turned over to us. Sometime in July, I think it was, Mr. Gaddes and I took title to the building as trustees.

Mr. MILLER. What is the value of the Parkwood?

Mr. WALKER. I have prepared a few facts here if you would like me to proceed—

Mr. MILLER. Can you answer that question at that point?

Mr. WALKER. No; I do not know that I can give the value of the Parkwood. The ground is assessed at \$25,446. The improvement is assessed at \$122,000; total, \$147,446, being on the basis of \$221,169.

Mr. MILLER. What is the rental value of the Parkwood per annum?

Mr. WALKER. At the time the building was turned over to us it had a very low rental value—\$25,398.

Mr. MILLER. What rental do you expect to get out of it for next year?

Mr. WALKER. The rental that we hope to get out of it—I do not know about next year—will be \$38,820.

Mr. MILLER. Without raising any of the rents in it?

Mr. WALKER. No. We can not do it without raising the rents. That will be necessary.

Mr. MILLER. What percentage will that give you on your investment?

Mr. WALKER. I figure it will run around 6 per cent, possibly a little less.

Senator SHEPPARD. Net?

Mr. WALKER. Yes, sir; net.

Mr. MILLER. What percentage do you intend to raise your rents?

Mr. WALKER. The rent would be raised a gross of about 50 per cent.

Mr. MILLER. In other words, you find it necessary in the Parkwood to raise the rents 50 per cent in order to get a 6 per cent return on your investment?

Mr. WALKER. Yes, sir; absolutely.

Mr. MILLER. You have gone into that very carefully?

Mr. WALKER. I have gone into that very carefully and I can show you the figures.

Mr. MILLER. Would the committee like to have those in the record?

Chairman BALL. We had better have those facts.

Mr. WALKER. The apartment is a high-class fireproof building. It is one of the best built buildings in the city. It was built in 1904. I have investigated the cost, and from the best information that I have obtained the actual cost of constructing the building was \$210,000. The building contains 690,000 cubic feet. It would cost to reproduce it about \$350,000, 50 cents per cubic foot, from the information I can get from several reliable architects. I estimate the value of the ground in connection with the Parkwood at \$75,000. However, there is a vacant lot to the side which is not fully utilized but is necessary for light. The rents appear to us, when we compare the building, to be as low as any we had ever seen. Each apartment contains seven rooms and bath. It contains approximately 1,800 square feet of floor space. The average rental was somewhere around \$85. The lowest rental for a very desirable apartment was \$72.50. T

slightly in excess of \$10 a room. No investor could rent the Parkwood under \$25 a room. He would probably have to get more to get a revenue, because to reproduce it would entail a cost of building alone of \$125,000.

Mr. MILLER. In figuring your charges you did not figure the Parkwood as it would cost to build it to-day?

Mr. WALKER. No; it of course should have a certain amount charged off for depreciation in that 10-year period.

Chairman BALL. You say the apartments were \$75 to \$80 when you took the apartment over?

Mr. WALKER. From \$72.50 to \$93.50.

Chairman BALL. That was a five-room apartment?

Mr. WALKER. A seven-room apartment, sir.

Chairman BALL. When was that?

Mr. WALKER. In June.

Chairman BALL. Last year?

Mr. WALKER. Yes, sir.

Chairman BALL. There has been no raise since that?

Mr. WALKER. No, sir; except apartments which had become vacant.

Chairman BALL. You should make that about \$120 or \$125 for a 7-room apartment?

Mr. WALKER. Yes, sir; somewhere within that average of \$125 to \$130. I have endeavored to give you such information as I could on expenses, because we have not had a long enough time to give them definitely; but the taxes are \$2,211.69; insurance, fire, \$202; insurance, liability, \$151.31; coal, \$3,700. That was the actual amount put in and paid for last year. Electricity in halls, and so forth, \$1,115.08. That was the 1918 bill. Gas in the basement, \$294.12. That is estimated from what our experience so far has been. Employees, \$4,524.

There is an item that we may have to increase, for the reason that the Parkwood is a high-class building and should be run in a high-class manner. It appears to me from what I have seen that we will have to make some changes there, and that probably means added salaries.

Chairman BALL. Why is it that your rents have been so much below the rents on other apartments of a high character?

Mr. WALKER. You understand, it was not my management, those former rentals. I know nothing about that. The building was not in the best shape of repair, I might say. We are planning to put it in very different shape.

Chairman BALL. That is what I am trying to bring out.

Mr. WALKER. We recently let a contract to redecorate the halls and put in attractive furniture and tapestries.

Mr. MILLER. Under the heading of salaries and wages, do any of the people who are interested in the apartments share in them?

Mr. WALKER. No, sir. They are strictly elevator operators, janitors, and so forth. Janitor service I have estimated at \$300; storing coal, \$300; removing ashes and trash, \$150. That makes a total of \$15,072.82. The owners of the property hold it subject to a mortgage of \$210,000.

Mr. MILLER. What is the interest on that mortgage?

Mr. WALKER. Six per cent, making \$12,600, or a total of \$27,672.82.

The item of repairs, renewals, vacancies, etc., is very hard to estimate. My own idea is that a building like that—those items would run anywhere from \$5,000 to \$7,000. Of course at the present time the item of vacancies would be very small, but in changing tenants there is always a little loss. Normally I would figure that about a 5 per cent proposition, which would be \$2,000. In the immediate future that would not be necessary.

Figuring those items as to \$7,000 makes a total outgo of \$34,672.82.

The schedule which we have put down of rentals that we would like to obtain is \$38,820. That allows a margin of slightly in excess of \$4,000.

Mr. MILLER. That is a schedule on a 50 per cent increase?

Mr. WALKER. Of course, in these days it is very hard to figure on a percentage increase. This building could not be figured on a percentage increase. It should be figured on the value of apartments.

Mr. MILLER. If you continued the rents existing at the time you took over the Parkwood you would have a deficit?

Mr. WALKER. Of about \$10,000, in addition to which we are under contract to pay \$5,000 per year for four years on a mortgage and \$40,000 at that time.

Mr. MILLER. Let me ask you this: I am interested to know why anyone would buy an apartment like the Parkwood as late as June of this year when conditions were so unsettled, and expect to make money out of it?

Mr. WALKER. For the simple reason that I saw the value there of land and building and figured that necessarily, sooner or later, revenue must readjust to value.

Mr. MILLER. You were willing to take a chance even in view of the fact that the Saulsbury resolution might continue and you could not get an increased rental?

Mr. WALKER. Why certainly. As long as the Saulsbury resolution continues we will not increase or raise the rentals on tenants unless they wish to enter into a contract.

Chairman BALL. Have you any vacancies?

Mr. WALKER. No, sir.

TESTIMONY OF ALFRED HIGBIE.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please give your full name and your business, and the address of your place of business?

Mr. HIGBIE. Alfred Higbie, of Higbie & Richardson, 1504 Street NW.

Mr. MILLER. You are agents for how many apartment houses?

Mr. HIGBIE. Three at the present time.

Mr. MILLER. Will you name them, please?

Mr. HIGBIE. Rutland Courts, Cavanaugh Courts, and The Kedri.

Mr. MILLER. Mr. Higbie, have you figures there showing the rent you have received from Rutland Courts from 1914 down?

Mr. HIGBIE. The building was only constructed in the spring 1917—completed in the fall of 1916, or winter of 1917, and opened for occupancy about the 1st of June, 1917. We took the age for the building on the 1st of November, I think it was—October November, 1917.

Mr. MILLER. Have you the figures from that time to the present?

Mr. HIGBIE. I have the figures from the 1st of January, 1918.

Mr. MILLER. Give us, then, the total rental from that apartment per annum, and the expenses.

Mr. HIGBIE. In the year 1918?

Mr. MILLER. Yes; give us your total collections and your expenses for 1918.

Mr. HIGBIE. Yes, sir. Gross receipts, rents and telephone, \$40,806.97; coal, \$3,513.94; salaries, \$5,724.77; electric light and power, \$1,075.80; telephone, \$1,612.47; taxes, \$600.76; interest, \$12,300.19; curtail, \$10,984.25; insurance, \$3,302.62; water rent, \$346.98; repairs, supplies, commission, ashes, etc., \$2,677.63.

Mr. MILLER. What does that total?

Mr. HIGBIE. It totals \$41,139.51, leaving a debit balance of \$332.54.

Mr. MILLER. In other words, in 1918 you lost money on the Rutland Courts?

Mr. HIGBIE. I do not say we lost money, because we paid off a curtail on the mortgage of \$10,984.25.

Mr. MILLER. Under salaries, did any of that go to the owners or people interested in the property?

Mr. HIGBIE. No, sir.

Mr. MILLER. Then, if you had not paid off that curtail you would have made something like \$9,000 that year, would you not?

Mr. HIGBIE. Something like that; yes, sir.

Mr. MILLER. Have you raised your rents since you took over the Rutland?

Mr. HIGBIE. We raised some of the rents last fall, perhaps 60 per cent of them.

Mr. MILLER. The people agreed to it and were willing?

Mr. HIGBIE. Yes, sir.

Mr. MILLER. What per cent of return on your investment did you get in 1918? Can you give the committee those figures?

Mr. HIGBIE. I have not them exactly, but it would be less than 3 per cent.

Mr. MILLER. Do you intend to raise your rents next year so as to get a higher return on your investment?

Mr. HIGBIE. We intend to raise them about 10 per cent if the tenants are willing to pay it.

Mr. MILLER. In other words, by raising your present rentals 10 per cent you can get an additional return on your investment so that it will probably pay you 5 or 6 per cent?

Mr. HIGBIE. Not to exceed 5; probably not over 4½.

Mr. MILLER. You think that 10 per cent would be a fair increase in rentals to enable you to get the proper return?

Mr. HIGBIE. It would not be enough increase to get a proper return, but I think those will be fair rentals. I did not want to put them beyond what I thought the apartments were really worth.

Senator SHEPPARD. What curtail do you figure on for next year?

Mr. HIGBIE. There is a second trust—this curtail that I mentioned here, do you mean?

Senator SHEPPARD. No; in figuring your return of 5 per cent a year, you figure on being able to make a certain curtail, do you not?

Mr. HIGBIE. Yes, sir; we have a curtail of \$700 a month or \$8,400 a year.

and it is very much more desirable. You can not take an old building and put those features in it successfully, as you know.

Chairman BALL. That is a factor in any city?

Mr. POWELL. Yes, sir.

Chairman BALL. You take apartments like the Portland. It is just as desirable and as much sought after—

Mr. POWELL. They are very much sought after, and that is one of the exceptions. I will say this to you: I do not know this to be the case, but I think that if you will investigate it you will find it to be the case, that they have spent a good deal of money in the remodeling of that building, but it is not in the shape of repairs; it is really a reconstruction. Even at that time if the building had been a new building, it would have been more desirable, would it not? Do you think those apartments were as desirable as if they were put up as a modern building?

Chairman BALL. I do not think so, but I do not think it has depreciated in value, because I think they have kept it in repair. But the point I wanted to bring out was to provide a reasonable percentage so as not to discourage building.

Mr. POWELL. Senator, that is an extremely important question. There is no doubt about that, that if you are going to solve that problem, that is what you must look to in the future.

Chairman BALL. That is what we are endeavoring to do.

Mr. POWELL. I think it has been very unfortunate that we were not able to go ahead at the expiration of the war, when the armistice was signed. If we had not had the Saulsbury Act, I think your problem would have been pretty nearly solved at that time. We have a number of very large propositions now under consideration, and if you had started your investigation 30 days prior to the time you have started it, these projects would never have gone ahead—

Senator SHEPPARD. How did this investigation affect them?

Mr. POWELL. The mere fact that you have legislation pending. It makes it uncertain as to what a man is going to be able to do. You know how that would naturally affect the proposition.

Chairman BALL. All legislation is uncertain; we do not know what character of legislation it is going to be.

Mr. POWELL. That is true, surely.

Senator SHEPPARD. What do you know about subletting? Have you been imposed upon in that respect?

Mr. POWELL. I think we have, Senator, to some extent. We did what we could to prevent that, in so far as possible, but I think what imposition there has been has been more along that line than any other. We have tried to guard against that as much as possible. Our leases provide that you can not sublet without the written consent of the owner. You must get the consent of the owner.

Chairman BALL. I think that is very proper.

You will give us a list of the apartments that you are agents for, with rentals attached?

Mr. POWELL. Yes, sir.

Mr. MILLER. The rentals for the last few years and the total rentals?

Mr. POWELL. Yes, sir.

Senator SHEPPARD: And the contemplated increases.

Mr. MILLER. Will you tell the committee about the fire in the Birmingham Apartment? It was testified before this committee by one of the witnesses this week that they were treated very badly after that fire, and the fire was used to get them out of their apartments, according to their testimony.

Mr. POWELL. I can only say this to you, that I do not think there is any reply necessary to that testimony. However, at the time the fire occurred we were not agents for the property. After the fire occurred and the man replaced the building by practically a reconstruction of it, as I recall, he brought the building to us to get new tenants for it. That is as much as I know about the case. I know nothing about what took place before that. We had nothing whatever to do with it. We simply took the building over after it had burned down and he had replaced the part that had been destroyed.

TESTIMONY OF MRS. A. C. RAUTERBERG.

(The witness was duly sworn by Senator Sheppard during temporary absence of Chairman Ball.)

Mr. MILLER. You wanted to tell the committee about your troubles with the Saulsbury resolution as an owner of a house?

Mrs. RAUTERBERG. Yes, I do. I am the owner of a house at 510 Fifth Street NW. Several years ago we rented this house to a Mrs. Hale. Mrs. Hale was living at 512 Fifth Street at the time, and she rented 510 from us, and at the time she had possession of 508 Fifth Street. The house in which we were living was out in the country, last September, and I asked Mrs. Hale to let me have possession of my house in town. She has never lived in it one day, herself, but has used it as a rooming house, subletting it. At the time she refused to give me the house I asked her if she would let me have a few rooms, until I could get something else. She asked me \$40 for two unfurnished rooms and was paying us \$50 for the entire house. She said if I could not do better she would let me have the two, but when I could get something else I must give them up.

I gave her a notice and went into court. The lower court decided in my favor. Mrs. Hale noted an appeal and gave bond, and the case is still in the courts. It came up, and my affidavit was read and her affidavit was read before Judge Stafford, some time in the latter part, I think, of February, or maybe in March. He threw it over for a jury trial, and Mrs. Hale still has possession of the house, or three houses, in fact.

I rented a house for which I am paying \$125 a month, and I have never had one cent rent from that Fifth Street house since the 10th day of last December. Of course, Mrs. Hale can continue to hold it, I suppose, under your law. She phoned me a couple of weeks ago saying if I would give her a year's lease I could raise the rent any reasonable amount and she would pay part of my lawyer's bill and give me one year's rent in advance, providing I will give her a year's lease on the house.

The house in which I live is for sale, and when the house is sold, of course, I will have to move, and probably be forced to buy a house to which to live, while Mrs. Hale continues to hold that house. It does not seem fair that I should be put to that expense, inasmuch as

she has three houses and has never lived in my house one day. We have been deprived of the rent since last December.

Senator SHEPPARD. Are there any further questions? If not, that is all.

TESTIMONY OF MRS. MARGARET KATHERINE AMBERGER.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you please state your full name?

Mrs. AMBERGER. Mrs. Margaret Katherine Amberger.

Mr. MILLER. I understand you wanted to appear before the committee to refute some testimony that was given here the other day?

Mrs. AMBERGER. Yes, sir; the testimony of Miss Henangham.

Mr. MILLER. You may proceed with your statement.

Mrs. AMBERGER. I have a 16-room house. Five of the larger rooms are 18 feet by 22½ feet, and some are larger. These rooms have five large windows each. There are two bathrooms. Each girl, for \$12 a month, has her half or fourth of a room, a clean bed, electric lights, phone, a large and comfortable parlor, a sitting room, a hall with a grand piano, the privilege of ice and the refrigerator, use of kitchen for light housekeeping, pressing, and laundry privileges. There is always plenty of hot and cold water.

The Misses Henangham made it so unpleasant for the girls in the room that they had to get out. They took possession of the bathroom on this floor and kept it locked, keeping the other girls out. They washed all their clothes there and always when at home had something cooking or irons heating.

Had the Misses Henangham remained I would not have had any other roomers, because they took delight in causing trouble by telling untruths to the girls' relatives whenever they had a chance.

I don't see how any one can call it profiteering. I am sure that each girl sees that she gets her money's worth. If these girls could get what they are getting here for less, do you think they would stay with me? Whenever any of the girls are sick they always come to me. I do what I can for them, and I never charge them a cent for my services.

This is what it costs me to run the house: The furnace man was \$18. Half the time he was there, and the other half I had to do it myself. The gas was about \$32 and sometimes more. The phone was always \$6, and many times more. For a maid to take care of the upstairs, \$50 a month, and the maid's board was at least \$1.25 a day, or \$37.50 a month. The laundry was at least \$25 a month. And a woman for cleaning three times a week at \$2 a day would amount to \$24 a month. The maid I had refused to do the cleaning. I used about 3 tons of coal a month, at \$12.50 a ton, which would be \$37.50 a month for coal. I used about a quarter of a cord of wood, which was about \$5. Two girls went home sick without paying their rent for a couple of months. That comes to \$235. And there were other little things, expenses of different kinds, different other little things that happened. For the first couple of months I did charge \$15 to the girls, but I didn't have my house full at that time. I never at any time had six girls in a room.

One of the bathrooms was out of condition for a while and could not be used, but as soon as I could get a plumber it was repaired.

Maybe that is the time she has reference to when there was only one bathroom in the house, but as soon as I could get a plumber I had it fixed. I just moved into the house the 29th of last October, and all the time I was there I tried to improve the house as far as I could, and have the house in good condition now.

TESTIMONY OF T. FRANKLIN SCHNEIDER.

(The witness was duly sworn in by Chairman Ball.)

Mr. MILLER. You may state your name and address and the firm you are connected with.

Mr. SCHNEIDER. T. Franklin Schneider, the Cairo.

Mr. MILLER. What other apartment houses are you agent for?

Mr. SCHNEIDER. About seven or eight others.

Mr. MILLER. Can you give the names of them?

Mr. SCHNEIDER. The Albemarle, Sherman, Ethelhurst, Plaza, Woodley, Florence Court, Cairo, Windsor.

Mr. MILLER. Is that all?

Mr. SCHNEIDER. I think so.

Mr. MILLER. How long have you been agent for the Cairo?

Mr. SCHNEIDER. I am not the agent; I am the owner. I have owned it since it was built. I built it.

Mr. MILLER. Can you give the committee the figures of the total annual rents received from 1914 down to the present fiscal year?

Mr. SCHNEIDER. I have taken these from the income tax return, the net.

Senator SHEPPARD. This is the Cairo now?

Mr. SCHNEIDER. Yes, sir.

Senator SHEPPARD. The net return?

Mr. SCHNEIDER. Yes sir. In 1914 it was \$6,947.

Senator SHEPPARD. What percentage was that on the investment?

Mr. SCHNEIDER. Practically nothing. I have got it for the five years. For the five years the net return was less than 4 per cent on the assessed valuation.

Senator SHEPPARD. Go ahead with your figures by the year.

Mr. SCHNEIDER. \$9,218.06 in 1915; \$11,060 in 1916; \$10,170.83 in 1917; \$21,691.41 in 1918. That is less depreciation of 2 per cent. That shows a net return on the assessed valuation of less than 4 per cent.

Senator SHEPPARD. Did you figure any salary for yourself in that?

Mr. SCHNEIDER. No sir.

Mr. MILLER. Have you increased your rent at all?

Mr. SCHNEIDER. Yes; I increased it last year.

Mr. MILLER. What was your percentage of increase?

Mr. SCHNEIDER. It varied. I would like to give you some figures that will show what has been done there. Originally, here is a four-room apartment that rented for \$75 in 1894, when the building was finished. These are the rents that prevailed at the conclusion of the building. In 1910 that had been reduced to \$50, on account of overbuilding in the city and conditions here being such that that was all I could get. This apartment has been put back last year to \$75, to its original rent in 1894. Here is a two-room apartment that rented in 1894 for \$40, and was put back last year to \$40, the same as it was in 1894. It had been reduced to \$28 in 1910.

Chairman BALL. Why did you reduce that?

Mr. SCHNEIDER. I had to to get anybody in there at all. The conditions here were such that we had to meet them and take what we could get. I have another apartment here of two rooms and bath which originally rented for \$45, had been reduced to \$40, and was put back last year to \$55, an increase last year of \$10 over the original rent on that apartment. A front corner apartment of two rooms, originally rented for \$50, had been reduced to \$42.50, and was put back to \$60 last year. Two others originally rented for \$45 and were put back to \$50 last year.

Chairman BALL. There were no changes made in the size of those apartments?

Mr. SCHNEIDER. No, sir; just the same as they were.

Chairman BALL. If you would give us the average amount of increase or decrease in the total rent it would carry with it a little more as far as we are concerned.

Mr. SCHNEIDER. The rent has been reduced from \$20 to \$50 down to 1910, but from 1910 I have gradually brought it up until last year I got the rents back to the original rents, and in some cases, a very few of these rooms, I got them back to \$10 more than the original rent, but most of them only back to the original.

Chairman BALL. What has been your increase since 1915?

Mr. SCHNEIDER. From the lowest rent?

Chairman BALL. No; take your rent in 1915 and tell us what increase you have made on it.

Mr. SCHNEIDER. In 1915 they had been greatly depressed. 1910 was the low point. I have gradually got them up since 1915. I suppose it will average 8 or 10 per cent increase since 1915 from what they were in 1915.

Chairman BALL. About 8 or 10 per cent increase on the 1915 rent?

Mr. SCHNEIDER. Yes, sir; to the 1918 rent.

Chairman BALL. What is your proposed increase now?

Mr. SCHNEIDER. Nothing, except two tenants have inside rooms which were originally rented at \$40, and are now \$40, and I am going to put them at \$45, and that is all the increase I am going to make.

Senator SHEPPARD. Do you propose any increase in any of the other apartments next year?

Mr. SCHNEIDER. In the other apartments there will be some increases.

Senator SHEPPARD. Can you give us about what the average will be?

Mr. SCHNEIDER. In 1918 I increased the rent from \$1.50 on the apartment to \$5.

Senator SHEPPARD. Per month?

Mr. SCHNEIDER. Yes, sir.

Senator SHEPPARD. In a certain apartment house or generally in all you own?

Mr. SCHNEIDER. Yes, sir.

Senator SHEPPARD. In one particular apartment house?

Mr. SCHNEIDER. No, sir. In all they were raised from about \$1.50 to \$5 last year.

Senator SHEPPARD. Last year?

Mr. SCHNEIDER. Last year. This year we are proposing an increase of about 10 to 15 per cent.

Senator SHEPPARD. That is proposed for next year?

Mr. SCHNEIDER. For this year there will be an increase over last year of about 10 per cent. Many of those rents had been previously reduced from the original rent, and I am now getting them up to about 10 per cent over the original rent.

Senator SHEPPARD. Do you contemplate a still further increase next year in these other apartments?

Mr. SCHNEIDER. I thought you asked me that just now?

Senator SHEPPARD. I did.

Mr. SCHNEIDER. That is what I said, that altogether it would be about 10 per cent.

Senator SHEPPARD. Oh, altogether it will be about 10 per cent?

Mr. SCHNEIDER. Yes, sir.

Senator SHEPPARD. Over last year?

Mr. SCHNEIDER. Yes, sir. I have had one building I might mention. The rent there has been so low that for the past five years it has cost me \$1,000 a year. It is a large one, too. Another one has barely broken even. It is another large one. These are fire-proof buildings. They are well-constructed buildings, but conditions arose that kept the rent down. One was location. Niggers got into the neighborhood and practically ruined it, and if it had not been for the revival caused by the war it would have gone on down until it became worthless.

Mr. MILLER. Did you at any time in October, 1918, double the rent on the apartments in the Cairo?

Mr. SCHNEIDER. No, sir; there was not a rent there that was doubled.

Mr. MILLER. Do you remember the case of Mrs. C. W. Carlin that was taken into court because you asked to increase the rent from \$17 to \$32?

Mr. SCHNEIDER. Yes; I remember her very well; I didn't want that woman in the house at all.

Mr. MILLER. You don't deny that you requested her to pay twice as much rent as she was paying?

Mr. SCHNEIDER. That woman had been renting there——

Mr. MILLER. Will you please answer my question?

Mr. SCHNEIDER. Yes; I answered your question. I told you I did, and the reason was I wanted to get her out. I didn't want her in there.

Mr. MILLER. Do you want to say any more on that point?

Mr. SCHNEIDER. No, sir.

Mr. MILLER. Do you remember Mr. J. F. Downing?

Mr. SCHNEIDER. Yes, sir; I wish I had him out.

Mr. MILLER. You charged him \$35 a month?

Mr. SCHNEIDER. I think so.

Mr. MILLER. And you increased his rent to \$75?

Mr. SCHNEIDER. Yes; I wanted to get him out. I considered him an undesirable tenant and wanted to get him out.

Mr. MILLER. I have a number of other cases I got out of the Housing Corporation's files in the War Department that show similar increases.

Mr. SCHNEIDER. I would like to answer all of them, if you will submit them to me.

Chairman BALL. I would just call them off and let him answer, but I would prefer he would state it in general terms.

Mr. MILLER. There is the case of Dr. Israels.

Mr. SCHNEIDER. That is another one. I considered him an undesirable tenant, and didn't want him there. He was objectionable to the people in the house.

Mr. MILLER. Did you at any time double Miss Dorsey's rent in the Cairo?

Mr. SCHNEIDER. No, sir; I asked Miss Dorsey for the room, and she promised she would get a location some place, but asked if I would let her stay until she could find one. She was getting that at a ridiculously low figure; she knew it and admitted it, and said as soon as she could get out she would, and I let her stay there until she could find a place. Finally she got another place. She paid the same rent right along until she found another place to live.

Senator SHEPPARD. Have you known of any cases of subletting without your consent?

Mr. SCHNEIDER. Yes, sir; a good many of those people have sub-rented.

Senator SHEPPARD. A number of these people?

Mr. SCHNEIDER. That I had asked to vacate.

Senator SHEPPARD. And they subrented without your consent?

Mr. SCHNEIDER. Yes, sir. There was one woman, Mrs. Bonham, who rented a two-room apartment for \$32.50, and rented a room to a young lady, a war worker, for \$25. That case was reported to Mr. Johnson of Kentucky, and he made a great to-do over it, claiming that I had attempted to evict a young war worker. My tenant was an elderly lady and was not a war worker at all. She attempted to evict a young lady who was a war worker, and I came to the rescue of the young lady and attempted to put Mrs. Bonham out. I failed. Mr. Bonham sued the young lady for possession or \$50 a month. She was getting \$25 a month and paid \$32.50 for the whole apartment. She was not satisfied with that, but ordered the young lady to move or pay \$50 a month. The young lady was evicted by the court. Why, I don't know. It was some technicality. Judge Terrell was the judge, I think. He said he was obliged to give Mrs. Bonham judgment, and he was very sorry he had to under the circumstances. So the young lady war worker was evicted by Mrs. Bonham. She has subrented again, at what price I don't know: but I failed to get her out. I was charged with having attempted to brutally evict a tenant. There was certainly no brutality about it. I was trying to protect a war worker against this elderly woman.

TESTIMONY OF MRS. MARGARET J. CALVIN.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you give your name and address?

Miss CALVIN. Miss Margaret J. Calvin, 1322 Park Road.

Mr. MILLER. Are you the owner of an apartment?

Miss CALVIN. I am the owner of the Truxton.

Mr. MILLER. What is the location of that apartment?

Miss CALVIN. 2031 F NW.

Mr. MILLER. How long have you owned the Truxton?

Miss CALVIN. Since June 1.

Mr. MILLER. This year?

Miss CALVIN. This year.

Mr. MILLER. Can you tell the committee how much you paid for it and how much you value it at?

Miss CALVIN. I paid \$18,500, not counting transfer charges and so forth.

Mr. MILLER. In other words, you value it at about \$19,000?

Miss CALVIN. Fully.

Mr. MILLER. What annual rent do you figure on that?

Miss CALVIN. I have had no opportunity to figure on that. I have had the apartment so short a time I can hardly give the statistics, for I have had only a few hours to compute them in the midst of other work. The rent when I took the house was \$213.50 a month. These were rents that had been on the house for some time, I am told. After 30 days, by mutual consent, the rent was raised to \$258.50 a month. I have had that for July and August.

Mr. MILLER. Do you figure on that slightly increased rental, for the whole apartment of only \$45 a month, you will be able to get a proper return on your investment?

Miss CALVIN. I should like to sell. I hardly think so.

Mr. MILLER. What return do you expect for the next year on that basis of rent?

Miss CALVIN. I am too new in the apartment house business to know how much expense there will be. I don't know what coal will amount to, or any of those things, so I can't tell. I am told by Mr. L. W. Groomes, who carried the house before, that it was not a paying venture.

Mr. MILLER. Do I understand there is any further increase contemplated by you?

Miss CALVIN. I should like to have possession of one of the apartments, and the other one I should like to raise on the same basis, but of course I can't. These were raised by mutual consent. I would like to have possession of one, and the other one I would like to raise to \$30.50. I am paying \$40 myself for a room downtown.

Mr. MILLER. How many apartments have you?

Miss CALVIN. Six.

TESTIMONY OF JAMES D. HOBBS.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. State your full name and address and the firm you are connected with.

Mr. HOBBS. My name is James D. Hobbs, and I am with Harry Wardman at 1430 K Street. I am asked here, however, to represent Mrs. Holliday.

Mr. MILLER. The owner of Wardman Court?

Mr. HOBBS. Yes, sir.

Mr. MILLER. What is the location of Wardman Court?

Mr. HOBBS. Clifton between Thirteenth and Fourteenth.

Mr. MILLER. How long has Mrs. Holliday owned the apartment?

Mr. HOBBS. Since December, 1915.

Mr. MILLER. Do you know what she paid for it and what she values it at?

Mr. HOBBS. Yes; I do know. Mrs. Holliday bought the apartment from Mr. Wardman and paid him \$1,000,000.

Mr. MILLER. In cash?

Mr. HOBBS. Yes, sir. At the time, however, she gave him back an option to repurchase it at \$1,000,000, and Mr. Wardman leases the building from Mrs. Holliday and gives her \$55,000 a year, or $5\frac{1}{2}$ per cent on the investment.

Mr. MILLER. Have you figures showing the total rent received on the building?

Mr. HOBBS. I haven't them in detail, but I have some figures here that will show it.

Mr. MILLER. Can you give the total rents received from Wardman Courts since 1914 down, and the total expense per annum?

Mr. HOBBS. I can give from 1916 down.

Mr. MILLER. All right; give it for the three years 1916, 1917, and 1918.

Mr. HOBBS. In 1916 the gross income was \$126,000. In 1917 it was \$129,000.

Mr. MILLER. Give the gross income for the year and then follow it with the expense for the same year.

Mr. HOBBS. All right. In 1916 the gross income was \$126,000, and the expense for 1916 was \$53,000. In 1917 the gross income was \$129,000, and the expense was \$56,000. In 1918 the gross income was \$131,000, and the expense was \$66,000.

Mr. MILLER. What is the percentage of return on the investment for those years?

Mr. HOBBS. For the years 1916 and 1917 it was 7 per cent on her investment of \$1,000,000. We, however, expect to redeem that building, and we value it at \$1,200,000. On that valuation the return would be about 6 per cent, on \$1,200,000.

Mr. MILLER. The assessor of the District values it approximately at \$985,000.

Mr. HOBBS. I think you are mistaken. I think his assessment is pretty nearly \$1,100,000. The taxes for last year were \$10,600.

Mr. MILLER. Do you intend to raise your rents for the next year so as to get a return on your investment?

Mr. HOBBS. Yes, sir; we feel we are entitled to it. During 1918 the net return on that building was \$8,000 less than it was in 1917.

Mr. MILLER. What percentage of increase in rent do you contemplate?

Mr. HOBBS. As a general proposition the rents will be increased about 15 per cent. In some instances it will be 20, but the average will be 15.

Mr. MILLER. What return on your investment will that give you?

Mr. HOBBS. What return on the investment?

Mr. MILLER. Yes.

Mr. HOBBS. That will give us just a trifle more than we got in 1916 and 1917, about \$3,000.

Mr. MILLER. I wanted the percentage.

Mr. HOBBS. That will be about $7\frac{1}{2}$ per cent.

Senator SHEPPARD. Net, Mr. Hobbs?

Mr. HOBBS. Yes, sir; on the million dollar valuation.

Mr. MILLER. You feel justified in raising it 15 per cent in order to get the return you think you ought to have?

Mr. HOBBS. Yes, sir; that will give us \$3,000 more than we got in 1916 and 1917.

Mr. MILLER. With those rates you would be getting $7\frac{1}{2}$ per cent on your investment?

Mr. HOBBS. Yes, sir; on that investment of a million dollars, but only 6 per cent, however, on the value we place on the building.

TESTIMONY OF MORTON J. LUCHS.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name and the name of your firm.

Mr. LUCHS. Morton J. Luchs, of Shannon & Luchs.

Mr. MILLER. And your business?

Mr. LUCHS. Real estate brokers and builders.

Mr. MILLER. Are you agents for any apartment houses?

Mr. LUCHS. We are.

Mr. MILLER. I understand you are the agent for the property at 1300 F Street. It was testified here the other day by a witness that his rent had been increased from \$171 per month to about \$450 per month. Will you please give the committee the facts in that case?

Mr. LUCHS. The property is owned by Mr. Walter Brownley. We handle the majority of the property that he owns. In this particular case and in other cases that we have not handled we have been his consulting agents. Up to the present time we are not collecting the rents on this property, but we are familiar with it and we talked with the tenant. Mr. Brownley bought that property in June of this year, and he bought it with the idea of opening a candy and soda store there on the first floor of it.

In reference to the testimony given by Mr. Hartley, who occupies the corner store, I want to say that his rent was not raised; that a notice was served on him by the the owner to vacate, for the simple reason that the owner wanted to occupy the store. At the present time Mr. Brownley has a business place on G Street, and he is very anxious to have one on F Street. He paid a large price for the property, and if you gentlemen are acquainted with F Street on the corner of Thirteenth or the corner of Twelfth, you know what property is worth up there. I have gotten together a statement showing what Mr. Brownley paid for the property, and the income on it up to the present time, and at the price which he paid, which was more than a quarter of a million dollars, he has received less than 2.2 per cent. So the testimony that was given the other day by Mr. Hartley, who runs the corner store, stating that we had raised his rent, I don't believe unreasonable if his rent was raised to twice that much. The owner is only getting 2.2 per cent, if he had bought the property for an investment, but he bought it to occupy, and it is absolutely untrue that a notice was served on the tenant to either pay the increased rent or vacate.

Chairman BALL. Are you sure a notice was not sent him?

Mr. LUCHS. I am sure a notice was served on him to vacate.

Chairman BALL. Are you sure you did not fix a certain amount of increase?

Mr. LUCHS. I am positive of it.

Chairman BALL. I saw the notice.

Mr. LUCHS. You saw the notice?

Chairman BALL. Yes.

Mr. LUCHS. With a certain amount of money to pay?

Chairman BALL. Yes. I am not absolutely sure whether he told me the amount or whether it was in the notice, but I am quite sure the amount was in.

Mr. LUCHS. I did not prepare the notice and I did not serve it. Mr. Brownley's attorney, Mr. Henry Blair, and I understand he served it.

Chairman BALL. I would like to ask the attorney for the committee whether the notice was filed with the committee?

Mr. MILLER. The notice should have been filed. I haven't got it here with me, but if it is on file it is in the testimony.

Chairman BALL. The request was that all those notices should be filed, and I think it is filed with the committee.

Mr. LUCHS. In that particular case I really don't believe that there was any figure stated in it. The property was bought by Mr. Brownley to occupy. After he took title to it he consulted with me. I really advised him not to go into the property at the present time; that if he could put the building on a paying basis I thought he would be wise to allow the building to remain there and to allow the tenant to stay in there, and to collect the rents from it until such time as he wanted to put up a new building. He was opposed to that, and so much opposed to it that I am prepared to show letters back as far as June 28 from a New York architect whom he had employed to draw plans for the new building on the property. Now, in order to try to convince him not to try to move into the property, I did canvass the building for him. I explained to each tenant in the property that if I could show Mr. Brownley the building could be put on a paying basis he might allow them to stay there in preference to moving in himself and putting them out. And I would have preferred to see him let them stay in there.

He never gave me any authority to lease to any of them. I have never signed any lease. I have never given them any statement showing what he would take, because the time I went to him he said he didn't think he wanted to rent it, he thought he wanted to go into it. Here is a letter as far back as June 28, which showed he had employed Mr. Thomas W. Lamb, an architect in New York, to prepare plans for a building. Here is one on August 19. The owner has asked me to keep the price of the property confidential and not make it public. I am prepared to leave a statement with you showing the income on the building and the expenses on it, and it shows less than 2.2 per cent.

Mr. MILLER. This will be Exhibit A, statement of rents of the property at the southwest corner of Thirteenth and F Streets NW.

(Said Exhibit A is as follows:)

Statement of rentals on property at the southwest corner of Thirteenth and F Streets NW.

R. T. Cissel, store.....	\$125.00
J. H. Miller.....	23.00
Charles Walker.....	35.00
Lee Combs.....	6.00
J. C. Wineman, store.....	165.00
C. C. Willard estate.....	50.00
J. C. Gallahan.....	20.00

Hartley, store	\$188.00
W. E. Butcher, room	12.00
C. M. Forest, room	25.00
H. F. Boyer	12.00
J. F. Tilley	5.00
Ironclad Roofing Co	35.00
J. E. Gadsby	10.00
Edwin Potbury, store	75.00
Society for Savings and Loans	125.00
Marsh & Peters	25.00
Mrs. Brown	20.00
Mrs. Preston	20.00
Total income per month	976.00
Total income per year	11,712.00

Approximated expenses per year:

Electrical bills for halls	60.00
Gas bills	20.00
Janitor	624.00
Coal	1,400.00
Repairs	300.00
Engineer	780.00
Taxes	2,908.81
Water rent (approximated)	100.00
Insurance (approximated)	100.00
Total yearly approximated expenses	6,287.81
Total yearly income	11,712.00
Total yearly expenses	6,287.81

Net yearly income on the investment of \$242,000, which is about 2.2 per cent 5,424.19

Mr. LUCHS. I would like to say that for that particular property the principal income is from the ground floor. Thirteenth and F is one of the most valuable corners, one of the most prominent and best corners in the city of Washington, and for a corner store to rent as low as \$171 or \$183, whichever it was, is absolutely ridiculous. If the property was to be put on a paying basis and the price increased the rent would have to be on the store, the increase would have to come from the store, and not from one man who rented one room upstairs in an old building. So where it might seem on the face of it that the increase from \$180 to \$450 is a tremendous increase, that is only about half what the corner is worth. The owner already has an offer of \$12,000 a year for that corner. He has got that standing offer to-day.

Senator SHEPPARD. You are extensively engaged in the apartment house business?

Mr. LUCHS. We do some renting of houses and somewhat of apartments.

Senator SHEPPARD. Do you contemplate an increase in rents next year on the part of the owners?

Mr. LUCHS. We have raised some rents in the buildings. There is no general increase.

Senator SHEPPARD. No general increase in apartment houses?

Mr. LUCHS. No general increase in any building we have charge of. We have consulted with different tenants and made improvements for them, and we have them satisfied to stand for such increase as the owner has asked us to make.

Senator SHEPPARD. As a rule, what is the reason for the increase you request next year?

Mr. LUCHS. I am not requesting an increase next year. Whatever has been made are already in effect.

Senator SHEPPARD. You are not contemplating any further increase?

Mr. LUCHS. Some of these that have been put in effect in the last two or three months will begin in some part of next year.

Senator SHEPPARD. Could you give us an estimate of about what return the apartment houses that you are agent for pay the owners?

Mr. LUCHS. What they do pay?

Senator SHEPPARD. About what return they pay now?

Mr. LUCHS. I should say at the present time that these we have readjusted and made repairs on are paying about 7 or 8 per cent.

Senator SHEPPARD. They were not paying that much a few months ago or a year ago?

Mr. LUCHS. Not in the past year, but in previous years they paid more.

Senator SHEPPARD. They paid more prior to last year?

Mr. LUCHS. Previous to the war we have had apartments that paid more than 7 per cent.

Chairman BALL. What has been the percentage of increase since 1915 on the average property in which you have been interested?

Mr. LUCHS. In houses, residence property, homes, I will say the increase has been practically nothing. There has been some increase in apartments, but I don't believe I could give it to you, from a percentage standpoint.

Chairman BALL. It has been a very slight increase?

Mr. LUCHS. Yes, sir.

TESTIMONY OF MEYER HERMAN.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. State your full name and address.

Mr. HERMAN. Meyer Herman; 651 H NE.

Mr. MILLER. Mr. Herman is one of those people who have been dispossessed of his house that he bought, by reason of the operation of the Saulsbury resolution, and he wanted to come before the committee and state his case.

You may state briefly the conditions surrounding your case.

Mr. HERMAN. I would like to draw your kind attention to my case. I am a tailor and have bought a property on H Street NE, 644. The reason I bought it was not because I wanted to be a property owner, but simply because for six long years I struggled along in a little store on Seventh Street to make a living for my family. I had to go to work in the morning while my wife and children slept, and I would come home at night and find them the same way. So I purchased that place so I could better myself and have my business and home together.

I bought it July 17, 1918, and have not got possession yet. The party occupying the house is not a war-worker and sublets to tenants. Until recently he had a house on K Street NE, and rented it to two people, his own kin. He also has a house on H Street NE, which has

a vacant flat for the last three months, and he will not move in it and purposely keeps mine away from me, while my wife, children, and myself have to put up in the back of my store in two rooms, and have to keep my furniture in storage over a year. I am getting in rent \$47.50 a month, and I have to pay \$73 per month, besides taxes and other expenses. Besides that, I have to pay \$35.50 where I am now, with my family, which costs me altogether \$108 per month, and I can't stand it any longer.

That is all because of the Saulsbury Act, which this man is taking advantage of with a vengeance on me. Now that your committee is looking into wrongs I wish you would kindly look into my case and try to help me, as my family suffers very much by being cramped up in two rooms with no convenience at all. Besides that, I am in debt and can't stand the expense, for I am not making so much that I could afford it.

Chairman BALL. You understand you are putting this in under oath. You swear that is correct?

Mr. HERMAN. Yes, sir; everything is correct.

Chairman BALL. That will close the hearing for to-day. The committee will adjourn until Tuesday next at 2 p. m.

(Thereupon, at 4 p. m., the committee adjourned until Tuesday, September 2, 1919, at 2 o'clock p. m.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

TUESDAY, SEPTEMBER 2, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 2 o'clock p. m., in the committee room, Capitol, Senator L. Heisler Ball, presiding.
Present: Senators Ball (chairman), Elkins, Sheppard, and Dial.
Present also: Mr. W. Jett Lauck.

TESTIMONY OF MR. PERCY H. RUSSELL.

(The witness was duly sworn by the chairman.)

Mr. LAUCK. Mr. Russell, will you please state your full name and business or profession?

Mr. RUSSELL. Percy H. Russell, Ninth Street and New York Avenue, real estate.

Mr. LAUCK. Are you an agent or owner of an apartment?

Mr. RUSSELL. I am owner of record of a certain apartment house known as the "Newport" at the present time. I say "of record" because I have recently entered into an agreement to sell, and have given the deed, and it is now in the hands of the title company.

Mr. LAUCK. There is some very valuable information that the committee would like to have relative to what would constitute an adequate return on an investment in an apartment. Could you tell us that? That is, what would be the percentage of return upon the investment in the property which would yield a sufficient incentive to lead to building and investment in apartments or dwelling houses?

Mr. RUSSELL. I would say the minimum net rate would be 6 per cent and the maximum 15.

Chairman BALL. How do you make such a large range there?

Mr. RUSSELL. Well, some properties pay considerably more than others. For example, business properties pay a very low rate of interest, as a rule. Residences pay a somewhat higher rate, and apartments heretofore have paid more. Investment properties have often paid 15 per cent.

Chairman BALL. Then, you would make a different rate for an apartment house than for a dwelling house, would you?

Mr. RUSSELL. Well, I think in order to attract investment the minimum rate on any real estate holdings should be 6 per cent. My reason for that is that one could easily invest his money at 6 per cent in a gilt-edge first mortgage. There has to be some incentive above 6 per cent; just how far we should go is a matter, perhaps,

that I have not given as serious thought as I might have. I at the outset said from 6 to 15 per cent. Perhaps 15 per cent is excessive.

Mr. LAUCK. You have a margin there between 6 and 15, or 9 per cent. What would that be absorbed by, in your opinion, in an apartment? Are you providing for depreciation as well as cost of operation, repairs, and maintenance?

Mr. RUSSELL. Yes. I think that one should always figure on a certain amount of depreciation.

Mr. LAUCK. Could you explain more in detail why, say, three-fifths of the gross return would be absorbed, according to your statement, by cost of operation, repairs, and maintenance?

Mr. RUSSELL. I do not know as a general proposition that three-fourths would be absorbed.

Mr. LAUCK. You have asked for a gross return of 15 per cent.

Senator SHEPPARD. He said three-fifths of the gross return.

Mr. RUSSELL. Excuse me; I did not understand that.

Mr. LAUCK. Maybe I was unfortunate in expressing it. You expressed the opinion that 15 per cent would be necessary to yield 6 per cent.

Mr. RUSSELL. No; I beg your pardon.

Mr. LAUCK. Perhaps I did not make myself clear. This is what I mean: You said that the gross return should be from 6 to 15 per cent in order to stimulate building, and then you stated that 6 per cent should be paid to the investor or owner because that was the going rate of interest and he could get that from other investments.

Mr. RUSSELL. Yes.

Mr. LAUCK. That leaves a margin of 9 per cent, which, theoretically, would take care of the maintenance of the property, and the conduct of operation and repairs, and so forth. That seemed to me rather large; that is to say, three-fifths of 15 per cent was rather large to be absorbed by the cost of operation, maintenance, and depreciation. I thought perhaps you could give us some further information along those lines.

Mr. RUSSELL. You are accepting my maximum figure of 15. We start at 1 per cent above the 6 or 7 per cent.

Senator SHEPPARD. You mean net returns?

Mr. RUSSELL. Yes; net returns.

Mr. LAUCK. I did not understand that.

Senator SHEPPARD. You mean that a man must make that much in order that building may be encouraged?

Mr. RUSSELL. Yes.

Mr. LAUCK. Then, you put the gross return much higher?

Mr. RUSSELL. Yes.

Chairman BALL. Your answers were intended to cover net returns?

Mr. RUSSELL. Net returns; yes, sir.

Mr. LAUCK. How much should be added to this net return to yield a gross return sufficient to yield a net return?

Mr. RUSSELL. That would depend upon the character of the building. For example, an apartment house would require a larger margin than a private residence for the reason that you have certain operating expenses, coal, and so forth, that you do not have in a private residence.

Mr. LAUCK. You base your 6 to 15 per cent upon the minimum? When you say on a gilt-edge investment an absolutely safe return of 6 per cent gross, that is the usual rate of return upon investments, and then above that you would be caring for the element of risk, would you not, in the situation now?

Mr. RUSSELL. Yes; and I also do not think you ought to emphasize 15 per cent, which is the maximum. In other words, as I stated a few moments ago, I get a large range. Perhaps I should say from 6 to 10 per cent, and I will then be more conservative.

Mr. LAUCK. You think a net return of from 6 to 10 per cent offered to owners would provide for a lack of facilities; that it would stimulate building?

Mr. RUSSELL. Yes, sir.

Mr. LAUCK. Do you think it would be better in any constructive legislation leading to fixing rentals or to the stimulation of building to provide a guarantee for the owner or investor on his return? Do you think it would be better to fix that at a gross return or a net return? In other words, would it be best to guarantee the owners, say, 6 to 10 per cent net or 8 to 20 per cent gross, in your opinion?

Mr. RUSSELL. From 6 to 10 per cent net by all means, I should say.

Chairman BALL. You think it should be based on the net?

Mr. RUSSELL. Yes.

Mr. LAUCK. For what reasons?

Mr. RUSSELL. Because it is a fixed, definite, specific amount; whereas the gross amount is anything but a fixed, definite, and specific.

Mr. LAUCK. That is a gross amount guaranteed to dwelling houses, as compared with apartments, might yield a better return net to the owners of dwellings than to the owners of apartments, comparatively speaking?

Mr. RUSSELL. Yes; that may be so.

Chairman BALL. Your judgment would discourage building of apartment houses.

Mr. RUSSELL. No; I think not, Senator. I did not quite understand that I so intimated.

Mr. LAUCK. This is the question that we are trying to get information on: Say that you have a gross return on an apartment house or dwelling of 15 per cent, the apartment house or dwelling having to provide for maintenance of heat and light and elevator service. There would be a tendency, some claim, to reduce the service in order to yield a larger net, if you guaranteed the gross return as compared with the owner of the dwelling who would have none of these expenses to provide for.

Mr. RUSSELL. Yes. In other words, if you had a net return, the guaranteed net income would be fixed. If you had an income that was gross, as you say, it would be possible to economize on some of the items and deprive the tenant of good service.

Mr. LAUCK. On the other hand, if you guaranteed the net, do you think there would be much danger of padding expenses for repairs, depreciation, or a tendency—I do not mean in any broad way, but a natural tendency—to inflate that could not be overcome by some administrative agent?

Mr. RUSSELL. I think not, sir.

Mr. LAUCK. That is, you think that on the basis of experience some administrative agency or agent could arrive pretty well at what would be a reasonable cost in connection with the building of apartment in the way of maintenance, depreciation, etc.?

Mr. RUSSELL. Yes, sir.

Mr. LAUCK. I believe that is all, Mr. Russell.

Chairman BALL. What, in your judgment, is the net return now from apartment houses to the owners? Take the average apartment here in the city.

Mr. RUSSELL. Senator, I am unable to answer that question intelligently for the reason that I only own and operate one apartment house. I used to do a big renting business. We have discontinued that, and I have only under my supervision one apartment. I can only speak definitely as to that.

Chairman BALL. What is the net return on the valuation of it?

Mr. RUSSELL. The apartment that I had reference to, the Newport, as I previously stated, paid me less than 6 per cent.

Chairman BALL. Have you advanced your charges for the apartment?

Mr. RUSSELL. I made an effort to increase a year ago 10 per cent. I think about five or six tenants agreed to pay 6 per cent. The remaining ones refused to pay. A few tenants, perhaps two or three or four, moved, and where I had a vacancy I increased the rent materially.

Chairman BALL. You say "materially." About what per cent, did you increase the rents?

Mr. RUSSELL. Well, for example, one apartment rented for \$26. When the tenant vacated I fixed it up and rented it for \$75.

Chairman BALL. Yet notwithstanding those increases, you have not made 6 per cent net?

Mr. RUSSELL. Well, Senator, I have made less than 2 per cent, and I can prove it by figures that I have here.

Chairman BALL. It is your judgment, then, to net 7 per cent, all rents would have to be advanced very materially?

Mr. RUSSELL. Very materially. In other words, since I have had this apartment, 17 months, there is every cent that has been added up on the adding machine. I worked all day yesterday on it. The aggregate rents amount to \$8,428.24. On this sheet of paper I have every expense itemized for the same period. The expenses aggregate \$7,804.41, leaving a net balance of \$623.83 for a period of 17 months.

Chairman BALL. What is the valuation of the apartment?

Mr. RUSSELL. On a valuation of \$50,000, the amount I paid for it, it pays me less than 2 per cent interest net, and it has paid me that ever since I have had it.

It is true that perhaps 12 of my 16 tenants are paying me about one-half of 1 per cent interest on the investment; the other four are paying me $1\frac{1}{2}$ per cent interest on the investment. But notwithstanding those increased rents, my net return is less than 2 per cent interest.

Mr. LAUCK. Did you state the name of your apartment house?

Mr. RUSSELL. The Newport.

Mr. LAUCK. When did you purchase it?

Mr. RUSSELL. In April, 1918.

Mr. LAUCK. Could you submit those itemized statements you have for the use of the committee?

Mr. RUSSELL. I would be glad to do so.

(The itemized statements to which reference was made, will be found in files of the committee.)

Chairman BALL. Would you mind just mentioning your principal large items of expense? For instance, what was the heating expense?

Mr. RUSSELL. I have not the aggregate amount of heating. I have simply had my bookkeeper take them from the ledger as we paid them. For example, coal, \$16.50; soap, and so forth, \$2; coal, \$15.50; janitor, \$15; coal, \$15; janitor, \$5; coal, \$16; janitor, \$10.

Chairman BALL. How long a period does that cover?

Mr. RUSSELL. Seventeen months. Every item is set forth there.

Chairman BALL. Those seventeen months cover two winters?

Mr. RUSSELL. We started in April, 1918. We terminate the first of September, 1919.

Chairman BALL. Then, that covers two summers and one winter.

Mr. LAUCK. Are these rentals prewar rentals?

Mr. RUSSELL. Some are. Some of the tenants have taken advantage of the Saulsbury resolution and are still paying the same rent that they have always paid. Some paid the increase of 10 per cent asked by me, the only increase, and others are paying rentals that they consider extortionate.

Mr. LAUCK. When you bought the apartment in April, 1918, you were led to think that you would have a better investment than you actually got, were you not?

Mr. RUSSELL. Undoubtedly. On paper every apartment pays pretty well. When you run it there are so many items that no one thinks of. When we give an itemized statement of the expenses of any apartment the statement covers the stereotyped expenses, the insurance, the water rent, the taxes, the interest. No amount is ever allowed for repairs, deterioration or commission on rents or other incidentals that arise; numerous ones. On paper an apartment house usually pays double what it pays in reality.

Mr. LAUCK. To what do you attribute the reduction in what you anticipated your income would be and what you find it really is?

Mr. RUSSELL. I do not know.

Mr. LAUCK. It is due to these increased incidentals?

Mr. RUSSELL. Yes. I know that coal has more than doubled in price; repairs have more than doubled in cost, and every item has increased.

Mr. LAUCK. Have you been doing much repairing in this period?

Mr. RUSSELL. Not more than is necessary, but still in the aggregate, it is quite a sum.

Mr. LAUCK. I thought the price of coal was fixed by the Fuel Administration, and that there had been no change in price since you purchased.

Mr. RUSSELL. Perhaps there has not been since I purchased, but I was speaking of the previous period. We all know that coal has recently greatly advanced in value.

Mr. LAUCK. In other words, you purchased the apartment on the basis of what you thought would be a satisfactory return on the investment and you find that you have been disappointed?

Mr. RUSSELL. Very much so, so much so that I have exchanged my equity for two houses at Chevy Chase. I do not know what I will get out of it.

Chairman BALL. That is all, Mr. Russell. We are very much obliged to you for appearing here.

Mr. RUSSELL. I just want to volunteer, if I may, Senator, one statement. I do that in view of that fact that I do not know whether you are cognizant of the fact that it was intimated on the floor of the House that I was profiteering and this particular apartment house was mentioned as the instrument through which I profited. It was said that I also evicted a tenant, which was absolutely false. The tenant voluntarily moved. I want to say that I own 729 Fourth Street which I have always rented for \$18.50. I have never raised that rent. Other properties that I own are as follows: 408 Massachusetts Avenue, which rented for \$22.50, and on which I have never changed the rent; 407 H Street, \$15; that house always rented for that amount, and I have never changed the rent. The house at North Columbia Heights which rented for \$12.50 now rents for the same price; 1213 and 1215 Thirteenth Street, a double house, which is renting now for the same that it has always rented for. Ninth and New York Avenue, where I have six tenants. I think some of the tenants paid an increase of 10 per cent, which I requested. Notwithstanding that and the fact that I get less than 2 per cent on this investment, I am charged as a profiteer. I wish to say that the charges made on the floor of the House can not be substantiated.

TESTIMONY OF MR. BATES WARREN.

(The witness was duly sworn by Chairman Ball.)

Mr. WARREN. I want to state that I was under subpoena to get here Friday, but I had to leave the city. I informed Mr. Miller, however, that I would report to him today. I have been trying to report to him all day, but I could not locate him. I wanted to get a better idea of what was wished of me. I have not gotten up anything at all.

The CHAIRMAN. Probably you can give us the information wanted. Mr. Lauck will call for the information.

Mr. LAUCK. Will you just state your full name, address, and profession?

Mr. WARREN. My name is Bates Warren. I live at 2400 Sixteenth Street, and I am a lawyer.

Mr. LAUCK. You have had considerable experience in the construction of apartments, have you not?

Mr. WARREN. I have had quite a number of apartments constructed by builders. I am not a practical man in that line myself, but I have had builders to build properties for me. I buy vacant lots and have people build the apartment houses for me.

Mr. LAUCK. The committee is especially interested in a constructive way relative to several questions bearing upon what would constitute adequate rentals and stimulate building. In the first place one question is as to whether it would be practical to guarantee a

gross return to the investor or owner of an apartment house or dwelling, insuring him adequate value if he did construct, or whether it would be better to guarantee or provide in some way for a net return. Which do you think would be the better method of procedure in any constructive legislation?

Mr. WARREN. Well, I will answer that in this way: There are so many classes of real estate. For instance, there is the dwelling without any care or upkeep except the repairs by the owner. It is heated by the tenant; the water rent is paid by the tenant; the lighting is paid by the tenant, and so forth. Then there are apartment houses of various classes. Nearly every apartment house varies in its upkeep. I do not believe that it would be possible to work it out by guaranteeing a gross return because there are so many classes of property. Take a hotel, for instance. The expenses of operating a hotel are so enormous that you could not get any degree of comparison between it and a dwelling that you are renting. If you make the gross return 10 per cent, or 6 per cent, or any amount, it would not satisfy the hotel man, because he has to spend so much in the upkeep.

Mr. LAUCK. He would reduce his service in order to get a larger net, would he not?

Mr. WARREN. Yes.

Mr. LAUCK. What do you think would constitute an adequate net return to give assurance to the man who is building, or give an adequate return to the man who has his money already invested in properties?

Mr. WARREN. I think if you should have a return varying from 7 to 10 per cent net.

Mr. LAUCK. Why do you put it higher than the market rate of interest, so to speak?

Mr. WARREN. Because, you see, the rents are fixed in October or the last of September. Those rents are fixed for the year. It is impossible for the human mind to anticipate the things that will happen to that building. Suppose it is fixed so it will be 6 per cent. Take an apartment house. You might have a boiler that would break. You might have an accident that would cost you considerable money. I am speaking of things that often happen; there are so many unforeseen repairs. It would be too late then to cover it in your 6 or 7 per cent net. The rent would be fixed and your income from that building is fixed for the year. Next year it would be up to you to try to recoup on that loss. If you start out with 6 per cent net you might have an accident that would reduce it probably to 3 or 4 per cent.

Mr. LAUCK. Yes; for one year; but in the case of the boiler, which would be practically fixed investment, would not your depreciation practically cover that over a period of years?

Mr. WARREN. No; I do not think the practice is to cover that in depreciation. They cover in depreciation the absolute certain wear and tear of the building as a whole.

Mr. LAUCK. Only the ordinary deterioration?

Mr. WARREN. Yes; the ordinary deterioration.

Mr. LAUCK. Your idea, then, would be that the current rentals would take care of what we might call hazards?

pen would be ahead of the one that did have them happen.

Chairman BALL. If they did happen one year it would show that the net profit for that year was much less than 6 per cent?

Mr. WARREN. Yes, sir.

Chairman BALL. And would not the conditions the following year be arranged so as to make that up?

Mr. WARREN. No; because he would be in competition with others that did not have that accident. He could not boost the rent of this particular house above all the others. That would not be right. We make this scale from 7 to 10 so as to cover all classes. When we had a hearing before the committee some time ago for the proposed bill we suggested a rate from 7 to 10 per cent. We did that for this reason: The dwelling-house owner would be perfectly satisfied with 7 per cent. All he does is to rent the house and collect his rent. The apartment-house man has a business independent of renting the house. He does not rent apartments and stop there, but he has to have managers, janitors, telephone operators, etc. He has to have all kinds of help, and he has to keep the place up. It is a business in itself. That should be covered in some way between the 7 and 10 per cent. He should have something as an inducement to operate that building. Otherwise, it would not be fair to him to say "You can have 7 per cent return from your building and no more." It puts upon him the burden of operating and looking after a building in order to earn 7 per cent, or 6 per cent, or whatever the amount may be.

Chairman BALL. In other words, you think that the risk of capital is there much greater than it would be in other investments?

Mr. WARREN. Yes, sir.

Chairman BALL. And, therefore, he should have an increased percentage?

Mr. WARREN. It is not only increased rent, but it is an increased trouble. It is just a business.

Chairman BALL. You speak of increased trouble. Do they not in figuring their expenses take into account their own time?

Mr. WARREN. I do not think, unless it happens to be a corporation owning the building, it is done anywhere in the city. I never heard of it.

Chairman BALL. Well, the manager certainly charges for his time.

Mr. WARREN. Where we get a local manager, of course, we charge for his time, but I mean the owner of the property and the one who has to take the responsibility and does assume all the responsibility.

Chairman BALL. What, in your judgment, are the principal, successful, I will say, apartments here in the city now?

Mr. WARREN. I really could not answer that. I should say that there are some that do not pay 6 per cent.

Chairman BALL. And some are paying how much?

Mr. WARREN. Some pay, I reckon, 7 or 8 per cent.

Chairman BALL. None of them is paying over 8 per cent?

Mr. WARREN. I doubt it very seriously.

Chairman BALL. Then, how were the apartment houses self-supporting, say, previous to 1915, when the history that we get of

MR. WARREN. Well, I do not know much about other peoples apartments. I do know a great deal about mine. I never had those vacancies.

Chairman BALL. We are asking entirely for information. These are not idle questions, because we want to recommend some legislation that will be fair to all.

Mr. WARREN. Yes; I appreciate that. I have in mind just at this moment some apartment houses that I investigated to see how many vacancies there were in them. They ranged from 4 to 5 per cent. I have particularly in mind the Alabama and the Iroquois. Their vacancies were between 4 and 5 per cent at the times I looked the matter up. I do not recall the year, but I know it was some time prior to the war.

Mr. LAUCK. Mr. Warren, I think it would be clearer, probably, if we could get an idea as to how apartment building is financed. You say 7 to 10 per cent. Perhaps you occupy a unique position there. You are figuring in the nervous wear and tear and the managerial return in addition to the investment return. Could you tell us how these apartment houses are really financed—that is, how they are constructed, who are the holders of the obligations on the apartment houses, and whether you mean that the original holders of these obligations should get 7 to 10 per cent, or are you speaking of some one else, some one in a managerial position?

Mr. WARREN. I am speaking of the owner.

Mr. LAUCK. For instance, when an apartment house is built, how is it financially handled?

Mr. WARREN. Most people that build apartment houses in this city borrow the money to build them, or as much as they can borrow.

Mr. LAUCK. That is, you get as much on a first mortgage loan as you possibly can?

Mr. WARREN. Yes. You have to pay 6 per cent for that at least to get it, and oftentimes you have to pay a commission for the collection of your rents in addition to that.

Mr. LAUCK. You have to pay 6 per cent to the trust companies?

Mr. WARREN. To whoever it is, trust companies or individual. Trust companies are not making very many loans on apartment houses.

Mr. LAUCK. Of course, there is not any construction to amount to anything going on now, but what is the source of capital for apartment houses, the individual investors who take a risk, or the financial institutions?

Mr. WARREN. In some cases the money is borrowed from trust companies. There are not many of them doing that now. Also individuals send their money in to real estate brokers; who loan that money. They take parts of large mortgages. For instance, you want a loan of \$200,000. That \$200,000 loan is split up into various notes. You may be seeking an investment of \$5,000, and you ask an agent to find that investment on a first-trust note, and you may be part owner of that. It is done in various ways. Sometimes they get loans from Philadelphia and other cities. They get them anywhere they can.

If you limit this net return to 6 per cent, who would bother with owning property when they could loan money at 6 per cent without any trouble at all, without any depreciation, and without any likelihood of a loss? You can hardly claim that you would not lose something on your vacancies.

Mr. LAUCK. In other words, the original owner of the capital, according to your experience, would want 6 per cent plus a commission of some kind?

Mr. WARREN. I do not say the owner of the money would want commission. It is the broker, and he will not do it unless he gets commission.

Mr. LAUCK. That is, the trust companies and savings banks, etc. would not charge a commission for a loan of that kind?

Mr. WARREN. Trust companies charge a commission.

Mr. LAUCK. They do charge a commission?

Mr. WARREN. Yes.

Mr. LAUCK. In other words, you are seeking capital now to build an apartment house, and you, as I understand it, think that the owner of the capital should have a net 6 per cent, and to that would be added a commission to the real-estate broker or the agent of the owner, which would bring the necessity of paying a commission on the use of that capital?

Mr. WARREN. That is right.

Mr. LAUCK. That is for one year?

Mr. WARREN. They make loans for three years, as a rule.

Mr. LAUCK. And usually at 1 per cent?

Mr. WARREN. Well, it ranges from 1 to 3.

Mr. LAUCK. Oh, you sometimes pay 3 per cent?

Mr. WARREN. Yes.

Mr. LAUCK. That would make a net return there to start with of 7 per cent?

Mr. WARREN. Yes; and that is not all. Sometimes you have to pay a commission for the collection of rents. They are tied up for three years or the life of the loan.

Mr. LAUCK. What percentage of this apartment house can you borrow on first mortgage?

Mr. WARREN. About two-thirds.

Mr. LAUCK. Where do you get the rest of the capital; put it in personally?

Mr. WARREN. Yes.

Mr. LAUCK. You put it in as a personal investment?

Mr. WARREN. Yes.

Mr. LAUCK. How is it in the case of apartment houses that are incorporated?

Mr. WARREN. Pretty much the same, I imagine, unless they sell stock for the capital.

Mr. LAUCK. That is, the operation there might be to sell shares of stock up to the cost of construction of the building, and then the cost of operation of that building and the cost of maintenance and repairs would be taken out of the gross income of the apartment house, and the net return to your man should be from 7 to 10 per cent. Is it your idea that that margin of 3 per cent would stimulate people to invest? Of course, you as a personal investor or being personally

interested in apartment houses, as I see it, according to your experience, think it is necessary to have 3 per cent to cover your contingencies and risks.

Mr. WARREN. Yes.

Mr. LAUCK. In other words, you could possibly get your capital at 7 per cent, but owing to what you consider the hazards of the business, the liability of expenses, and the liability of not renting and the liability of unforeseen contingencies of that kind, you think a man who is really building or promoting apartment houses, you might say, should have 3 per cent upon the going return on the money invested in that way?

Mr. WARREN. Yes; it should be along in there. It depends upon the class of house a good deal.

Mr. LAUCK. What do you think the gross return should be? Or do you think that is so subject to contingencies that you could not estimate it?

Mr. WARREN. You can not fix it unless you have the particular property right before you.

Mr. LAUCK. Assume that you were getting from 7 to 10 per cent. In order to secure that, on what basis would you fix your rents? Say you had an apartment house and you thought it should yield you somewhere between 7 and 10 per cent. In other words, you have an investment upon which you must fix an income that will yield you that amount. What percentage above that 7 to 10 do you demand the income should be in order to get that?

Mr. WARREN. I will tell you what we bear in mind when we consider an investment. For instance, we would consider putting an apartment house at a given place. Say that apartment should cost us \$200,000. We figure that we should get \$30,000 gross rent.

Mr. LAUCK. That is 15 per cent?

Mr. WARREN. Yes, sir.

Mr. LAUCK. In other words, you get from 5 to 8 per cent margin over your net?

Mr. WARREN. And that is a time when the upkeep was not so great. That is the situation before the war. Now, that upkeep is more.

Mr. LAUCK. Would you consider now that if you get a gross return of 15 per cent on an apartment that that would yield you sufficient return to make it an attractive investment?

Mr. WARREN. I do not think so, not with the high upkeep.

Mr. LAUCK. It would be an excessive gross on dwelling houses?

Mr. WARREN. Very much.

Mr. LAUCK. What would be the gross there, do you think? It would not be much in excess of 7 per cent?

Mr. WARREN. No.

Mr. LAUCK. Because it would be a direct investment?

Mr. WARREN. That is it.

Mr. LAUCK. There is one more point, I think, that Col. Miller had in mind in having Mr. Warren come before the committee. I understand that you are at the head of a special committee of the District Brokers' Association?

Mr. WARREN. I am.

Mr. LAUCK. And that you were charged with the duty of investigating profiteering during the war?

Mr. WARREN. Yes.

Mr. LAUCK. I do not know whether the committee would care to hear that now. Do you care to hear it, Mr. Chairman?

Chairman BALL. If he has any special information, we would like to have it.

Mr. WARREN. I have not investigated it since the time we were before the committee. At that time I advised that committee of the extent of my investigations. I think we investigated some 26,000 tenants, what they were paying, and found that their rents had not been increased at that time as much as 1 per cent, if I recollect rightly; I am sure it was not as much as 2 per cent; anyhow, it is in my statement in the record. I had the reports all before the committee at the time. They did not look at them, but they were there for them to look at if they had wanted them. But that does not apply to the present time. That was at the time before the Saulsbury resolution was passed, and at the time we were having some legislation put through, a little over a year ago. That was the condition then. I have no doubt that rents have been increased since then considerably more than that, of course.

Chairman BALL. That would not be very valuable.

Mr. WARREN. That would not apply to the present situation.

Mr. LAUCK. There is one question we ought to get clear, and that is about the 7 to 10 per cent. Would you apply that same percentage to investments in dwellings?

Mr. WARREN. Oh, no.

Mr. LAUCK. What would be your idea of the net return to stimulate investment in dwellings?

Mr. WARREN. Seven per cent. Understand, you have to increase it somewhat over what the money will bring. If you do not they will hold the money; they will not put it in there and meet the risk.

Mr. LAUCK. And this 3 per cent you speak of as a differential above dwellings is in your mind to provide for contingencies in apartment houses that do not exist in dwelling houses?

Mr. WARREN. Yes.

Mr. LAUCK. What constructive suggestions have you that you would like to put before the committee in the way of amelioration of present conditions and putting the rent situation on a proper basis for stimulating building? Have you thought of that?

Mr. WARREN. You will never get any relief in Washington until building is stimulated. No amount of legislation is going to create space for people to live in. It is going to lessen space. All threatened legislation will stop building to some extent; and, therefore, you continue the condition as you have it now.

Chairman BALL. You say "all legislation." If there were permanent legislation adopted that rather encouraged building and guaranteed, in a measure, a fair return, would not that encourage building?

Mr. WARREN. If the return were sufficient it would. Of course, when I spoke of legislation I did not think of a permanent law; I thought of a temporary law.

Chairman BALL. You spoke of legislation at

Mr. LAUCK. Suppose legislation were secured which would bring about a stability and a certainty as to adequate net returns. Do you think that would stimulate building?

Mr. WARREN. Yes. Of course, that word "adequate" is the thing. It must be adequate.

Mr. LAUCK. You have expressed your opinion personally as to what you think is adequate—from 7 to 10 per cent. Of course, there may be a difference of opinion. But, assuming adequate in the real sense of the word, would not a stability brought about in that way be the best means of stimulating building?

Mr. WARREN. Who would guarantee it under your law?

Mr. LAUCK. I am not speaking of guaranteeing it or of any law.

Mr. WARREN. Who would say whether it should be 7 or 10?

Mr. LAUCK. Well, of course, under any legislation that would be determined by the administrative body.

Mr. WARREN. That is it exactly. The committee of which I was chairman recommended an administrator. We represented every real-estate owner that amounted to anything in the District. We came up here and begged them to appoint an administrator to regulate this thing. We tried to point out to them that it was impossible to regulate these returns without an administrator, who could take each piece of property as presented and determine whether it should be 7 or 10 per cent. You have to have a rent administrator to do it. You can not get away from it.

Mr. LAUCK. That is the point I wished to bring out. You think there should be a man, or a group of men, and the principle followed somewhat like in the determination of rates of return the carriers receive, and that we should have an adequate and reasonable return on the investment, and this body would determine what was adequate and reasonable?

Mr. WARREN. Yes. If you are going to attempt to regulate rents at all, you have to do that; you can not get away from it; and I have thought a great deal about the subject. You can not deal with real estate that varies so in its style and its quality and its location as to light and air and desirable places to live—you can not deal with all these questions with a hard-and-fast law. You have to call into use the mind of some man so that he can take each piece of property and deal with it, and deal with it when called upon to deal with it. If anyone is dissatisfied with the rent, let him undertake to regulate where the dissatisfaction is.

Chairman BALL. You mean that there should be some one with authority to whom he could go?

Mr. WARREN. Yes; so, if I am renting to you or you are renting to me, and either of us are dissatisfied, we can go to the rent administrator and adjust the matter. If we are satisfied, we will not go there, of course, and I say this: If such a thing had been done instead of the Saulsbury resolution being enacted we would be in better shape now; we would be 50 per cent better off; probably more so. That was before a committee when the Saulsbury resolution was proposed. At that time I said that the Saulsbury resolution would not stop profiteering. They said the main thing it

not stop it. It did not stop evictions. It permitted the sale of a piece of property to some one who wanted possession for a home, and that purchaser could get possession. He got possession. And that is the way they evicted them. Instead of going to the tenants and saying, "Here, move out; I want more rent," what did they do? They sold it to Mr. A over there. The profiteering went on. Why? The profiteering was in the price of that house. They sold that house for more than it was worth in many instances. You practically legalized it in this District; that is what was done. It said the high rate that was then being paid should be continued. That did not stop it. You could not evict the tenant. You crippled the owners of property who were disposed to stop this profiteering and were doing all they could to stop it. You crippled them when you said "You can not disturb your tenants." I had tenants in my apartments at that time who were subletting their apartments for two or three times what they were paying me. I could not stop it. You tied my hands. I could not put them out. You simply held everything where it was. The new man that you were forcing to come here had no protection in the world. The sky was the limit. You did not say you could not rent property in the future at a high price. You said everything that had been rented should stay rented just as it was rented, and there you stopped.

Mr. LAUCK. Mr. Warren, do you rent any of your apartments furnished?

Mr. WARREN. I do not furnish any of them.

Mr. LAUCK. That brings up another point, if I may interrupt you now.

Mr. WARREN. Just let me go a little further on this resolution because I am anxious to see it done away with, as that will help this city so much. It does not reach the hotels at all. It never did. There is where a large amount of complaint was, about the hotel people charging such high rates. You did not touch them in any manner, shape, or form, by the Saulsbury resolution because you only dealt with monthly tenants, and they are daily or weekly tenants. That did not help us in that situation at all. You did not reach half of these landladies who were charging extravagant rents. In our investigation they are the ones that we found were charging the high rate, mostly. And we called attention to that. The Saulsbury resolution did not stop that, unless they happened to be monthly tenants.

Senator SHEPPARD. You mean the boarding houses?

Mr. WARREN. Yes, sir; the boarding houses I mean. So they could make it so unpleasant for them that they could get them out, and then they could ask anything they wanted for the room afterwards. So your resolution has been the biggest handicap that we could have had in this District. It unsettled the whole thing. We were threatened daily with a more drastic law. I will tell you where it did help, and I will tell you what good it did do. You could not get them out of apartments; you could get them out of houses. The committee did not settle the question as far as the large buildings were concerned, because they would sell the house and give it to the party who bought it. They could buy it for the purpose of living in it and they got it. Therefore, your tenant was

evicted whether he was a war worker or not, whether he was an official here of the Government, or not, he had to get out, and probably he had to get out for a man who had no business here. That did not make any difference; but he got out. Now, the man that was permitted to stay was in the apartment only because he could not very well sell the apartment to a man who wanted it for his own use. They were permitted to stay, and who were they? They were people who had been here for years and years, and a large percentage of them really had no business—I mean by that not that they should not be here, but they had no business interests here holding them. They maintained their occupancy at an extremely low rate, the 1915 and 1916 rates. They went off and continued that. They got the same care in the apartment. They got the same upkeep and they got the same heat. They got everything just like they had it without paying anything extra for it. Consequently, there was no room for them to contract, and they still spread out, and they stayed there and they are there yet. The result of that is you hold in that way a good deal of space from the people who really need it.

Chairman BALL. Let us get concretely what you would recommend. In the first place, some official head, a rent administrator, you can term it?

Mr. WARREN. Yes.

Chairman BALL. With authority to adjust all difficulties as to rents; giving him absolute authority?

Mr. WARREN. With certain limitations expressed in the act.

Chairman BALL. Of course. That range of from 7 to 10 per cent would be a reasonable guarantee—not a guarantee, but a fixed amount?

Mr. WARREN. A reasonable inducement for people to put their money in properties.

Chairman BALL. You recommend a fixed net income; on houses of about 7 per cent and on apartment houses of about 10 per cent?

Mr. WARREN. I do not say all apartment houses should go to 10 per cent. I would range it from 7 per cent. Many I would not let go to 10 per cent.

Chairman BALL. The administrator would have authority to let certain of them go to certain limits.

Mr. WARREN. Yes.

Chairman BALL. Then, about subleasing, how would you cover that?

Mr. WARREN. In the first place, the leases here prohibit subletting unless by the consent of the owner.

Chairman BALL. Well, you can not very well prohibit subletting, because there are so many people working here in Washington who are transferred to other places.

Mr. WARREN. They ought to be permitted to sublet in such instances.

Chairman BALL. Yes; but could we not control that by having them sublet and furnish a certain per cent of the cost of the furniture as an additional charge?

Mr. WARREN. Yes; let the administrator have authority to do that. You can do that.

Chairman BALL. You think the Saulsbury act ought to be repealed immediately, do you?

Mr. WARREN. I really do.

Chairman BALL. You would not repeal the Saulsbury act until some other provision covering the general conditions were passed, would you?

Mr. WARREN. I would not advise you to do that. I would not advise repealing it before you enact the other. If you are going to do the other, then I say the quicker you get rid of it the better.

Chairman BALL. Well, this committee is going to recommend some legislation.

Mr. WARREN. If you are going to do that it ought to be speedily done, and wisely done, and you should hold your resolution until it is done.

Senator SHEPPARD. Your best judgment is that there ought not to be any legal regulation, but that it ought to be left to supply and demand?

Mr. WARREN. That is my judgment. If we could only try it without probably hurting a great many people. If it were wrong it might hurt and injure and impose upon a great many people. In my opinion, if there were no threatened legislation this place would adjust itself in quick order.

Senator SHEPPARD. That is what I wanted to bring out.

Mr. WARREN. I do not think that any successful man that will study the situation can contradict that.

Chairman BALL. The rent administrator should have absolute power, and there should be no rentals based on rental percentage whatever, in your judgment?

Mr. WARREN. No. I said my opinion is that you should not have any rent legislation at all.

Chairman BALL. But if we fix between 7 and 10 per cent it would be legislation?

Mr. WARREN. Surely.

Chairman BALL. The point I am trying to bring out is whether he should be given point-blank authority to fix any rent, dependent on his judgment.

Mr. WARREN. I did not understand that that was the question Senator Sheppard was asking.

Senator SHEPPARD. He is bringing out a different point. Chairman Ball is asking whether or not if you had a rent administrator his authority should be limited.

Mr. WARREN. Yes. I want it to be clearly understood that I do not advise any legislation on rents at all. I do not think that would be the proper way to get at it.

Chairman BALL. What are we going to do?

Mr. WARREN. Let the demand and supply regulate it, and it will soon do it. You have crippled it ever since the war started by legislation enacted, and threatened legislation, and you have prohibited it.

Chairman BALL. I understood from my question and your answer that you recommended legislation so far as a rent administrator was concerned.

Mr. WARREN. I say if you are going heaven's sake have a rent administrator

legislation for
is the only way

Mr. WARREN. I do, and if I had time to sit down and figure it out with you I think I could convince you. If you knew the situation in this city as I know it, you would say the same thing. The real owners of real estate are not going to increase these rents. You need not worry about that. There are a few that are going to do it, like a few people will loan money for all they can get, but what does that amount to in proportion to the entire district?

Chairman BALL. If you had sufficient houses in Washington to house all the population, your theory would be correct.

Mr. WARREN. We will get them if you will let us alone. If you had let us alone when the war started you would have far many more than you have now.

Chairman BALL. I think you are probably right as to far many more, but you would not have had sufficient to house the population.

Mr. WARREN. I know when you passed legislation you stopped me from building many, many houses.

Chairman BALL. You did not catch what I said. I said you would have had many more, but you would not have had sufficient to house the population.

Mr. WARREN. I did not say that you would have had.

Chairman BALL. You take every city in the Union where there has been any war work done with no legislation like the Saulsbury Act to prohibit building and you will find that they have not housing capacity for the population.

Mr. WARREN. Why? Because they knew that that population was temporary to a great extent. We were a long time wondering whether the population that came in here was permanent. Of course, it is not going to be all permanent, but a great proportion of the increase will be permanent; and no man, and no collection of men with sense would build up a city to a temporary population, if they believed it to be a temporary population.

Chairman BALL. Take New York, take Philadelphia, take all the similar cities, they are in exactly the same condition. Building material has advanced and labor has advanced to such an extent that building operations have practically—I do not mean ceased, but they have not continued with the growth of the natural population.

Mr. WARREN. The war put a stop to that. For a while there you could not build anything without permission of a certain commission. We were refused in one or two instances here the right to build during the war. You had a board that regulated that. It all depended upon the board that said whether you could build or not. We were limited for a long time.

Chairman BALL. That may have been the result in some cities, but they tried to encourage it in some cities. I know more about my own city, Wilmington, than any other.

Mr. WARREN. Wilmington, Del.?

Chairman BALL. Wilmington, Del.; yes.

Mr. WARREN. You were limited there just the same as we were limited here if you undertook to build.

Chairman BALL. Yes.

Mr. WARREN. And they were probably a little more strict here

Mr. WARREN. You had a general regulation. Why, they would not permit you to build on a farm.

Chairman BALL. The Government came to the rescue and built 600 or 700 houses. But now anybody can rent them; they are all idle up there and people still have no housing. I do not understand why the Government does not do something in the way of selling those houses and giving the people homes.

Mr. WARREN. The Government built them?

Chairman BALL. The Government built them.

Mr. WARREN. Yes; but individuals did not build them. You would not let individuals build during the war.

Chairman BALL. Well, there was some building, of course.

Mr. WARREN. There was very little. If you will look that up, you will find that I am right. You stopped building during the war.

Chairman BALL. Are conditions for building now any better than they were before the war?

Mr. WARREN. No.

Chairman BALL. Labor is higher and material is higher?

Mr. WARREN. We can get rents to justify building here and not be charging exorbitant rents either. My dear sir, there is not a city in the land that has not increased rents. We here are the only people that were stopped from increasing rents. I do not mean 10 per cent of the people of 15 per cent of the people, but I mean in this city all the apartment house owners have absolutely had—except at times when a man would voluntarily move out—to collect his rents just as he did in 1915 and 1916. There was no more justice in that regulation than there would be if I would go down to the shoe-store man and say, "Here, I have a pair of shoes that I paid \$5 for before the war, and I want another pair at the same price." He would say, "You are crazy; I have to pay the shoemaker more; I have to pay more for leather." I would say, "That does not make any difference; you will have to sell it to me at the same price." That is what the Saulsbury resolution says to me and to others who own property.

Chairman BALL. I want you to understand the position of this committee. As chairman of this committee I would say that I do not think the Saulsbury act is working any material good now.

Mr. WARREN. That is all right, then.

Chairman BALL. But I do think, with conditions existing in Washington at this time, unless some legislation is passed when the Saulsbury resolution ceases to act, you will have general profiteering, the demand for houses is so great and the supply so limited. In time prices will advance to a sufficient rental to encourage building probably at any cost and you would meet it, but it would be several years before you could. This committee hopes to be able to recommend some legislation, permanent legislation, but legislation that is going to encourage and not deter building.

Mr. WARREN. I am certainly glad to hear that it is not going to deter building.

Chairman BALL. And we appreciate that this question can only be solved by properly housing—I mean at reasonable, payable rents—the population of Washington. That can be done only by building sufficient houses.

Mr. WARREN. That is right.

Chairman BALL. You can only build those houses by encouraging people with capital.

Mr. WARREN. That is right.

Chairman BALL. That is the position of the committee, I think. Is not that correct, Senator Sheppard? That is my position.

Senator SHEPPARD. Of course, that is self-evident.

Mr. WARREN. I am basing my remarks as to the rent administrator upon the theory that you are going to have some legislation.

Senator SHEPPARD. We feel that we must have some legislation.

Mr. WARREN. I am opposed to legislation in respect to rents, but now that you are going to have it, I want the best we can get. And I will say to you that the more you look into it the more certain you will be that you can not legislate or regulate rents without an administrator.

Chairman BALL. That is my position exactly.

Mr. WARREN. Then you should qualify that man. He should have some certain outlined principles to follow. You should say, for instance, in arriving at the net rent there should be taken into consideration the upkeep, such as heating, elevator service, telephone service, lighting service, janitor service, and probable vacancies, probably repairs, and deterioration.

Chairman BALL. Now, I am going to submit to you a proposition that I have had in mind and let you discuss it. Assume that we have a District of Columbia rent commission; the chairman of that commission to be appointed by the President, of course subject to confirmation by the Senate; that commission to be composed of three men instead of one.

Mr. WARREN. I think that a good idea.

Chairman BALL. The second member of the commission to be appointed by the President upon the recommendation of the District of Columbia Real Estate Association, and the third selected by the President and appointed from a list of five selected by the District of Columbia Citizens' Association. They will be the three members of the association, and the assessor of the District of Columbia shall be an ex-officio member of the commission.

Mr. WARREN. Where would they be selected from? Will they all be residents of the District?

Chairman BALL. The chairman will be appointed by the President without any recommendation.

Mr. WARREN. Without any limitation. You can select him anywhere you wish?

Chairman BALL. Yes. The other two will be selected from a committee of five, submitted, one by the Real Estate Agents' Association and the other by the Citizens' Association.

Senator SHEPPARD. He means must all of them be residents of the District?

Chairman BALL. Yes. What would you think of such a commission?

Mr. WARREN. I think a good many benefits could be gotten in that way. Will they be the residents of the District? If so, they will then know what is going on.

Chairman BALL. They will all be residents of the District.

SENATOR SHEPARD. Three members.

Chairman BALL. You think, then, legislation ought to fix certain limitations above which this commission could not go, and below which it could not go? For instance, guarantee to the builder, say, 7 per cent on his money; that they fix rents that will guarantee the builder 7 per cent?

Mr. WARREN. Well, I suggest that you let that not go below 7 per cent and not above a certain amount.

Chairman BALL. That is what I am coming to. Let him erect various apartment houses and dwelling houses at reasonable rents so as to justify building.

Mr. WARREN. Just one thought. Let it be understood that the commissioners would not act unless called upon to act by the interested parties.

Chairman BALL. Certainly, that will be a part of the act.

Mr. WARREN. I will show you what effect that will have. They will deal with about 15 or 10 per cent of the renters in this District, and the others would rent and go on and be satisfied. It will minimize the amount of labor that they will have to perform.

Chairman BALL. I add here that no tenants shall sublet property except by consent of the owner or agent.

Mr. WARREN. That is right.

Chairman BALL. In cases of subletting, when rooms are furnished by tenants for subletting, not more than 2 per cent of the value of the furniture involved shall be charged per month.

Mr. WARREN. That will never do in the world.

Chairman BALL. It would not?

Mr. WARREN. No; it would never do in the world. It would result in locking every furnished room in this city. You could get nowhere with it.

Chairman BALL. Well, what control would you suggest for that?

Mr. WARREN. I would let them have a greater per cent on the furniture. Nobody would rent his furniture for 2 per cent of the value.

Chairman BALL. That is 24 per cent a year.

Mr. WARREN. Did you say 2 per cent a month?

Chairman BALL. Yes.

Mr. WARREN. I did not understand that.

Chairman BALL. That pays for your furniture, practically, in four years.

Mr. WARREN. I would not like to say as to that, because I have not had experience in renting furnished places. I would say that that is not quite high enough, although I never rent anything furnished.

Chairman BALL. I understand that about four years would probably be the lifetime of the furniture.

Mr. WARREN. It depends upon the kind of furniture. You know there are some kinds of furniture that are very valuable and very easily destroyed and injured, and other kinds you can knock about and never hurt. That is another case where you would have to have a rent administrator to determine the matter. I should say you could have it from 2 per cent up to 4 per cent.

MR. WARREN. I will tell you one thing that I found in my investigation that would probably satisfy everybody, even the proposed tenant to sublet a room. For instance, if he is paying \$100 a month for his apartment unfurnished they permitted him to double it and get \$200 for it furnished. That seemed to be very satisfactory to everybody. The proposed legislation would cut it down to almost 50 per cent increase.

Chairman BALL. Those were the main features I had in mind. What would you think of getting the United States Housing Corporation to build apartment houses here in the city?

Mr. WARREN. I think it would be a waste of time to fool with them. In the first place, they do not know anything about it. If you would permit them to build a house they could not get their returns for less than \$25 a room by the time they got through.

Chairman BALL. It would come under the control of the commission if it was built.

Mr. WARREN. I think you had better loan your money to some of the people who know how to build.

Chairman BALL. We would have to have somebody to finance it.

Mr. WARREN. You loan them money with which to build and they will build houses very much cheaper than the Government will, unless the Government pays the loan.

Chairman BALL. Do not understand from my discussion of this proposition that I am going to recommend it, but all of these phases of the proposition are open to discussion.

Mr. WARREN. This housing proposition, to my mind, was the most stupendous failure that was ever foisted on us.

Senator SHEPPARD. Just specifically for what reason?

Mr. WARREN. In the first place, they did not have the experience; they did not know how to get at it; it cost them so much. The Government does things and does not care anything about the cost. I believe in doing things in a businesslike way.

Senator SHEPPARD. In other words, the individual responsibility is not there?

Mr. WARREN. Not at all. That is one thing that demoralized this place. Here they pay labor any price.

Chairman BALL. Do you think the proposition upon which they built those houses was absolutely wrong and the cause of all that evil, this 10 per cent plus proposition?

Mr. WARREN. Yes; I think that was the worst thing—well, I do not care to discuss that. What has happened has happened, and we can not undo it. The money has been spent and squandered.

Chairman BALL. Senator Sheppard, have you any further questions to ask?

Senator SHEPPARD. No; I have no further questions. I think Mr. Warren has given us a good deal of valuable information. If you have anything further you wish to say, Mr. Warren, we shall be glad to hear it.

Mr. WARREN. I want to say this: That is one thing that caused us to have such an increase in prices here.

Senator SHEPPARD. What?

Mr. WARREN. The Government employing people as it did at the higher rates. I have had carpenters around to work during the week and have them quit Saturday at noon and make more money between then and the next Monday morning than they would have made all the week. I have heard of many cases of that kind. They would go over to Fort Myer or some other place.

Senator SHEPPARD. While the Government clerks came here and got barely a living salary?

Mr. WARREN. Yes, sir. The situation in the District is this: We have a great proportion of people working for the Government and they have been working for the Government a long time. That proportion has increased wonderfully since the war. Why, Senators, Congressmen, and judges and all are getting the same compensation to-day that they got in 1914, 1915, and 1916. The salary that they are receiving now will not buy more than 50 per cent of what it would before the present time, and how on earth you can help people complaining and hollering and talking about the high prices here when they have not any more money to pay for it, and there is no chance to get any more to pay for it, I do not know; and we are all dependent upon all these people employed by the Government who rent our houses. No wonder they think we are profiteering. No wonder they feel it. The carpenters, the plumbers, the painters, the bricklayers are all getting twice as much as they did before.

Senator SHEPPARD. The service in your apartment is costing twice as much, and fuel and repairs are costing more?

Mr. WARREN. We deplore the situation as much as anybody. We hate to come to you and say, "You must pay us 25 per cent more rent than you did before the war." We are not putting it in our pockets; we are using it to offset the increase in upkeep. Besides that, here is another point you must take into consideration. There are many widows here who are dependent entirely for their living upon the income from their real estate. They probably own three or four little houses that are largely out of repair, and they have to spend a lot of money to take care of them. If they do not get more, irrespective of the increased upkeep, if they do not get larger income from their real estate, they can not make ends meet. They have to pay twice as much to live as they did before, just the same as Government employees. If that property does not go up in proportion to the high cost of living, they simply can not live; that is all. They will be an object of charity, and that is the only chance they have to live, and that rent that they were collecting was based upon the then cost of living. Now that the cost of living has doubled they must have more rent for their property. It has to bring more dollars to make up for the extra cost of living.

The only way in the world you can relieve the situation here largely is for everybody to get more money. Laborers are demanding and getting it. The mechanics are demanding and getting it. The railroad employees demanded it and got it, and why in the name of the fathers the other employees of the Government are not entitled to it is beyond me, and I do not see how in fairness they can be kept out of getting it. The whole system of salaries should be readjusted to meet the situation.

Senator SHEPPARD. How long do you think the present high level will run?

MR. WARREN. Did you ever hear of labor going back when it once got established? They go up step by step. It costs more to create. Men have to pay more for what they create, and it makes no difference whether it is high or low, they are all on the same basis. Everybody is going on the same basis except the people who are working for the Government.

Senator SHEPPARD. Except those on fixed salaries?

MR. WARREN. Except those on fixed salaries. The manufacturers are all raising the compensation of their employees. This thing demands a lot of thought.

Chairman BALL. Bank clerks are included in that list of people who have received very little advance.

MR. WARREN. Bank clerks were never properly paid. Many men who are handling hundreds of thousands of dollars to-day are not getting a living compensation.

Chairman BALL. I supplement your remarks by the statement that another committee while conducting an investigation along this line and trying to fix the salaries found that there are 7,000,000 workers in the United States out of 37,000,000—I think that is the proportion—that received practically no increase in salary. That includes State officers, and county officers, generally, I mean, bank clerks and Government clerks, and municipal clerks.

MR. WARREN. Investigation of the high cost of living will not meet the situation until they increase all the salaries. They will have to do it. All have to go together.

Chairman BALL. We appreciate your coming before us. We have gotten a lot of valuable information.

MR. WARREN. I do not want to be misunderstood because I do not think it is best to have rent legislation. I do think that if you are going to have it, if that is inevitable, and you have made up your mind, then you should be sure to have a rent administrator along the lines that I have suggested; and, by the way, you will find printed in the record a bill that was drafted by us and submitted here along the lines I have just stated, one that we asked to have passed before the Saulsbury resolution was passed.

Chairman BALL. That was two years ago?

MR. WARREN. Well, practically 18 months. If you are going to have a rent administrator soon, if that is inevitable—this is against my own interests now, and, therefore, I must believe it—if you are going to have a rent administrator, and that is inevitable, hold the Saulsbury resolution until you get him, and let him fix the increase instead of the property owners and the tenants.

Chairman BALL. That is one of the provisions in the proposed bill.

MR. WARREN. But if you are not going to have a rent administrator, get rid of the Saulsbury resolution as quickly as you can and let the conditions adjust themselves.

MR. LAUCK. You said you can not borrow moneys from trust companies, savings banks, etc. Is that due to the effects of the Saulsbury law? If you had a rent administrator and adequate returns, could you borrow money freely from trust companies, savings banks, etc.?

MR. WARREN. In my judgment, that is due to a number of things. In the first place, there is an uncertain condition as to what the legis-

lation will be, what law we will have; and, therefore, the income from real estate is in an uncertain condition. That is one thing it is due to. Another thing is it costs so much to build, so much more than we are accustomed to or have ever been educated up to, that there is a little uncertainty as to whether that high cost will remain. Therefore, if they loan a sufficient amount to build buildings under the present high cost of material and labor, there is a possibility, they say, of its dropping, and then your houses can be purchased for so much less, and they have an excessive loan.

Mr. LAUCK. If you had stability of values for returns, you would have greater facility in getting loans, would you not?

Mr. WARREN. Yes.

Mr. LAUCK. You made the statement that you would let the Government loan the builders money and not the housing corporation.

Mr. WARREN. Yes.

Mr. LAUCK. The point in my mind was whether you were having difficulty in getting funds for building, and whether that would be rectified by proper legislation?

Mr. WARREN. Yes; we are having difficulty, and that would help out a great deal. Another thing, that would insure the Government from loss.

Mr. LAUCK. You mean it would help a great deal if you had Government loans?

Mr. WARREN. Yes.

Mr. LAUCK. But under proper legislation which would give a fair deal all around you would not have any difficulty in securing money?

Mr. WARREN. Yes; for the simple reason that I named.

Mr. LAUCK. The uncertainty?

Mr. WARREN. Yes.

Mr. LAUCK. How could that properly be worked out by the Government—through some financial corporation making loans to the real estate builder?

Mr. WARREN. Yes.

Mr. LAUCK. You think that is a necessary condition?

Mr. WARREN. I think that would help. I do not say it is necessary.

Mr. LAUCK. Do you think if there is any Government assistance, it should be the housing corporation, but it should consist in the making of capital available?

Mr. WARREN. That is it.

Chairman BALL. Your bill was introduced two years ago, was it not?

Mr. WARREN. I do not know whether it was introduced.

Chairman BALL. Have you a copy of the bill?

Mr. WARREN. I know it was printed and probably read and then submitted to the committee. I can get you a copy.

Chairman BALL. Will you kindly send me a copy of it?

Mr. WARREN. I shall be pleased to do so. That deals with all these things that I spoke of. What is your idea about the valuation of this property? That will have to be revalued later. You will have to have something to regulate the 7 to 10 per cent.

Chairman BALL. If you noticed the questions I asked you, you will remember that one statement was that the assessor would be an ex-officio member of the commission.

Mr. WARREN. You couldn't take the old assessment. Would you have an assessment for the purpose of fixing the rental value?

Chairman BALL. Do you not have a new assessment each year?

Mr. WARREN. No.

Chairman BALL. How often do you have an assessment?

Mr. WARREN. Oh, I don't know. I couldn't say how often. Is it three years? It isn't every year, I know. The assessment would have to be changed, I imagine, if this high cost of construction keeps up. It would necessarily increase it.

Senator SHEPPARD. Do you think you could give the commission authority to make the assessment?

Mr. WARREN. That is what I was going to suggest. Let them do the assessing. Let them make an assessment for the purpose of fixing the rent.

Senator SHEPPARD. They could do whatever they thought advisable?

Mr. WARREN. Yes.

Chairman BALL. That would not be a big job for apartment houses?

Mr. WARREN. Oh, no. It wouldn't involve over 10 or 15 per cent of the property of this city. They would all be satisfied—all except a few. I have no trouble in getting together with 60 per cent of my tenants. Some of them have even come to me and voluntarily increased their rent.

I will take a great deal of pleasure in coming up here at any time and helping you work this out. I would like to work it out with you, if I can be of any assistance to you.

Senator SHEPPARD. We will be glad to have any suggestions you care to make. Just send them to Senator Ball.

Mr. WARREN. I will be very glad to do it.

(Whereupon, at 4 p. m., the committee went into executive session, and later adjourned, to resume at call of Chairman Ball.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA

HEARING

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA
UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

S. RES. 150

DIRECTING THE COMMITTEE ON THE DISTRICT OF COLUMBIA
TO MAKE INVESTIGATION OF PRICES, RENTS, AND RE-
LATED SUBJECTS IN THE DISTRICT OF COLUMBIA

—
PART 7
—

Printed for the use of the Committee on the District of Columbia



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1919

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THE UNIVERSITY OF CHICAGO



CHICAGO, ILL., U.S.A.
1891

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

TUESDAY, SEPTEMBER 16, 1919.

UNITED STATES SENATE,
SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, pursuant to the call of the chairman, at 10 o'clock a. m., in room 201, Senate Office Building, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman) and Capper.

Present also: Mr. Thomas W. Miller.

Chairman BALL. The committee will come to order. We will proceed with the hearing in reference to shoes. The committee will call Mr. Robertson.

TESTIMONY OF MR. T. M. ROBERTSON, SPECIAL EXAMINER FOR THE FEDERAL TRADE COMMISSION.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Give your full name and your connection with the Federal Trade Commission.

Mr. ROBERTSON. T. M. Robertson, special examiner in the Federal Trade Commission.

Mr. MILLER. Mr. Robertson, will you please state to the committee what your investigation shows to have been the natural causes for the increase in the cost of producing shoes in this country?

Mr. ROBERTSON. About a year after the breaking out of the war in Europe there was an unusual demand for leather and leather goods, and particularly for leather of the better grades for use in supplying and equipping the armies of Europe. That demand was reflected in an advance in the price of leather in this country. This country was the great supplier of leather for European countries at that time, as it is now.

Chairman BALL. Just for information, does this country supply more of the hides than the South American countries normally?

Mr. ROBERTSON. I would say that it did, although I have no figures as to that. I would say we were slaughtering more cattle in this country.

Chairman BALL. I asked that question because the packers testified that a large part of the hides and beef came from South America.

Mr. ROBERTSON. A large part of the hides do come from South America; and, by the way, those hides that come into this country from South America are largely owned by the big packers of this country. Kip skins are imported from China and India mainly. We

get some calfskins from other parts of the world—a considerable quantity from Russia—and some cowhide.

This demand for leather became intensified just before this country became a belligerent.

The first complaints that came to us were in reference to the price of hides—the relative price of country hides and packer hides. There is a differential between country hides and packer hides from 2 to 3 cents, according to the qualities of the hide.

Chairman BALL. That is 3 cents a pound?

Mr. ROBERTSON. Yes, sir. This differential widened to 10 cents and in some instances more than that, and the farmers and small butchers of the country that supplied country hides and the dealers in country hides complained about this widening of margin between their hides and the hides of the packers. That was the main complaint that came to the Federal Trade Commission and that resulted in the institution of this inquiry.

About that time, or coincidentally with it, prices of all materials entering into the production of leather increased; wages increased; all of which contributed to a higher cost. With this excessive demand and these higher costs for materials and for labor it was natural that the price of leather and, consequently, the price of shoes—about 65 to 70 per cent of the cost of shoes being leather—must advance. The prices of shoes from the manufacturer to the retailer were higher and the retailer, according to his usual custom, added his 10 per cent of profit to the cost to arrive at his selling price.

Mr. MILLER. Can you state what you mean by "usual percentage"?

Mr. ROBERTSON. About 50 per cent.

Chairman BALL. That would give him a very much larger profit?

Mr. ROBERTSON. A very much larger profit.

Chairman BALL. Owing to the fact that the cost price was so much higher?

Mr. ROBERTSON. For a shoe that formerly cost him \$2 by adding 50 per cent he sold it at \$3. When that same shoe cost him \$3, he sold it at \$4.50 and made \$1.50 profit per pair instead of \$1.

Perhaps it is just as well to state here that the shoe dealers undertook to justify this maintenance of a uniform percentage of profit by claiming that their expenses of doing business had greatly increased.

As a matter of fact, the relative cost of doing business by shoe dealers, both wholesalers and retailers, advanced practically nothing at all. They increased the amount of money that was necessary to conduct their business and their sales increased likewise, and often in greater proportion. Consequently their percentage of sales necessary to conduct their business practically did not change at all.

Chairman BALL. Their help, I suppose, would cost a little more far as sales were concerned?

Mr. ROBERTSON. Yes. They paid more actual money out to me in expense of doing business, but they did not pay any larger percentage of their sales. In fact, in most cases, or in many cases, the sales increased at a higher rate than their expenses increased. Those facts are shown in this report [indicating].

Mr. MILLER. The report to which you refer is the report on the leather and shoe industry, dated August 21, 1919, published by the Federal Trade Commission?

Mr. ROBERTSON. Yes, sir.

Mr. MILLER. Do you care to discuss any further the relative prosperity of the leather and shoe industries in prewar years?

Mr. ROBERTSON. I would like to give some figures that are in this report.

On page 154 of this report are some figures that were submitted to the commission by shoe merchants, both wholesalers and retailers. These figures were not verified by the commission, but were accepted as they were furnished. These figures show that the average cost of doing business for 53 retail dealers handling a general line of shoes in 1914 was 26.3 per cent of their sales, while the expense of 61 dealers in 1917 was 26.2 per cent, substantially the same.

Nine department stores reported sales of \$2,700,000 in 1914, with an expense of \$800,000, which was 30 per cent. These same stores in 1917 reported sales of \$4,500,000, with an expense of \$1,168,000, which was 25.6 per cent of these sales. This shows an increase in sales of more than 69 per cent and an increase in actual expenses of only 44.5 per cent.

Those comparisons would hold generally with all classes of shoes. If there is any particular thing you would like me to state—

Mr. MILLER. Mr. Robertson, on page 154, to which you have just referred, where it shows 26.2 per cent of their sales in 1917, just explain how you computed that.

Mr. ROBERTSON. You mean the computation as to the relative increase in sales and the relative increase in expenses?

Mr. MILLER. Yes.

Mr. ROBERTSON. They were computed upon the sales as those sales were reported by the shoe dealers. The sales of these department stores increased 69.5 per cent. Their expenses, as they reported them themselves—we did not question or verify their figures—increased only 44.5 per cent.

Chairman BALL. You accepted their own returns?

Mr. ROBERTSON. We accepted their own figures. As a matter of fact, the real purpose of this comparison was to find out whether or not the expenses of the shoe merchant had increased relatively between 1914 and 1917. These figures show conclusively that they did not.

Mr. MILLER. Will you tell the committee whether or not, in your opinion, the profits of the tanners and shoe manufacturers for the prewar years from 1914 down were excessive?

Mr. ROBERTSON. I think under almost any circumstances that the profits in 1916 and 1917 were excessive, certainly, under the circumstances that existed, particularly in 1917, they were excessive.

Mr. MILLER. Did you make an investigation of the retail shoe business over the entire country?

Mr. ROBERTSON. We covered the country as far west as Denver, I believe, and south and southwest to Texas, and up to the Great Lake cities, and as far east as Massachusetts. We did not cover the Pacific coast States.

Mr. MILLER. In your opinion would the facts disclosed by your investigation show that the retail shoe business in the District of Columbia was making excessive profits?

Mr. ROBERTSON. I would expect, while we got no figures from the dealers in the District of Columbia except for military shoes, none that were useable—if we had any at all I do not recall—I would expect that the companies here would be no different from what they are elsewhere, because we found practically no difference in conditions in any one section of the country that we did investigate.

Mr. MILLER. You say you have no figures for the retailers in the District of Columbia except on military shoes. Why was that?

Mr. ROBERTSON. We contemplated securing data that we would use in this report in the District of Columbia after we had finished the balance of the country. The investigation was greatly hindered because of the extreme amount of work we had to do for the War Industries Board, and the War and Navy Departments and other governmental agencies in connection with the war.

Mr. MILLER. But you went into the matter of military shoes very thoroughly in the District of Columbia?

Mr. ROBERTSON. When the armistice was signed, or about that time, upon an examination of the data we had we found that we had no information with respect to military shoes at all. Up to that time the intimate details of the investigation had been under the direction of another man and I had only general supervision of the inquiry.

Mr. MILLER. From what dealers in the District did you obtain data on military shoes?

Mr. ROBERTSON. We have in this report data from Meyer's Military Shop, Burt, Parker & Bridget, and Rich, I think.

Mr. MILLER. That is on what page?

Mr. ROBERTSON. That is on page 134 of this report.

Mr. MILLER. The committee will insert as Exhibit A the table on page 134 of the report of the Federal Trade Commission on the leather and shoe industries.

(The table referred to, marked "Robertson Exhibit A," is here printed in full, as follows:)

ROBERTSON EXHIBIT A.

Cost and selling prices of men's shoes and margins of gross profit, retail dealers—1915–1918.

Company No.	Kind of shoe.	1915				1916			
		Cost.	Selling price.	Margins.		Cost.	Selling price.	Margins.	
				Dollars.	Per cent of cost.			Dollars.	Per cent of cost.
375	Officer's correct military boots					\$12.00	\$18.50	\$6.50	54.16 ^a
	Military shoes, first grade					6.50	10.50	4.00	61.538
	Military shoes, second grade					4.25	6.00	1.75	41.176
	Military shoes, third grade					2.25	3.25	1.00	44.444
	Officer's puttees, first grade					12.00	18.00	6.00	50.000
	Officer's puttees, second grade					5.00	8.50	3.50	70.000
1370	Men's tan calf boots	\$8.82	\$15.00	\$6.18	70.068	9.56	16.00	6.44	67.264
371	Men's tan military boots	8.33	13.50	5.17	62.065				
	Men's tan riding boots					10.54	18.00	7.46	70.779
	Standard Army shoe					3.77	5.50	1.73	45.889

^a Proprietor stated his store gives 10 per cent discount to all soldiers in uniform.

Cost and selling prices of men's shoes and margins of gross profit, retail dealers—1915-1918—Continued.

Company No.	Kind of shoe.	1917				1918			
		Cost.	Selling price.	Margins.		Cost.	Selling price.	Margins.	
				Dollars.	Per cent of cost.			Dollars.	Per cent of cost.
375	Officer's correct military boots	\$17.50	\$25.00	\$7.50	42.857	\$20.00	\$30.00	\$10.00	50.000
	Military shoes, first grade.....	8.50	14.00	5.50	64.706	7.00	12.50	5.50	78.571
	Military shoes, second grade.....	4.85	7.00	2.15	44.330	5.25	7.50	2.25	42.857
	Military shoes, third grade.....	2.75	4.00	1.25	45.455	2.90	4.00	1.10	37.931
	Officer's puttees, first grade.....	11.00	16.50	5.50	50.000	10.00	16.50	6.50	65.000
373	Officer's puttees, second grade.....	7.00	10.50	3.50	50.000	4.00	6.50	2.50	62.500
	Officer's cowhide puttees.....	5.88	9.00	3.12	53.061	6.37	9.50	3.13	49.137
	Officer's cordovan puttees.....	10.78	16.00	5.22	48.423	10.78	15.00	4.22	39.147
	Officer's calf Army shoes.....	5.93	9.00	3.07	51.771	6.37	9.00	2.63	41.287
	Officer's cordovan military shoe.....	7.35	12.00	4.65	63.265	7.84	12.00	4.16	53.061
370	Men's tan calf boots.....	15.44	27.00	11.56	74.870	17.64	29.00	11.36	64.399
	Men's cordovan boots.....	21.00	35.00	14.00	66.667	21.75	33.50	11.75	54.023
	Men's military shoes.....	8.45	14.00	5.55	65.680	9.07	14.00	4.93	58.355
	Men's tan calf blu.....	5.88	10.50	4.62	78.571	6.13	10.50	4.37	71.289
	Men's grain calf puttees.....	5.39	8.50	3.11	57.699	6.13	9.25	3.12	50.897
371	Men's cowhide puttees.....	9.31	15.50	6.19	66.488	11.02	17.25	6.23	56.534
	Men's cordovan puttees.....	13.72	22.50	8.78	63.994	17.00	25.00	8.00	47.059
	Men's tan riding boots.....	16.50	26.50	9.91	59.735	17.00	25.00	8.00	47.059
	Officer's viking boots.....	19.00	30.00	11.00	57.895	18.00	26.00	7.00	38.889
	Cordovan puttees.....	9.80	15.00	5.20	53.061	11.00	16.00	5.00	45.455
	Standard Army shoes.....	3.92	6.00	2.08	53.061	5.00	7.00	2.00	40.000
	Officer's French veal blu.....	8.50	13.50	5.00	58.824	8.50	13.50	5.00	58.824

1 Proprietor stated his store gives 10 per cent discount to all soldiers in uniform.

Mr. MILLER. Mr. Robertson, did you find that the retailer has maintained the same percentage of profit per pair of shoes as prices have advanced?

Mr. ROBERTSON. Substantially the same. There is practically no difference. Sometimes on the same shoe there has been an increase in the rate of profit. Sometimes there has been a decrease. On the whole, there is very little difference.

Mr. MILLER. Then, in dollars and cents, the dealer is making a larger profit per pair of shoes?

Mr. ROBERTSON. Very much larger.

Chairman BALL. The percentage is about the same?

Mr. ROBERTSON. The percentage is about the same.

With reference to military shoes, there were very few sold in this country prior to the war. When we entered the war, and when these training camps for officers were created, thousands of men who had to buy their own shoes—the privates got their shoes from the commissary—went to the shoe merchant to get their shoes. The shoe merchants in every community where there was an officers' training camp, and, later, in every community where there was a training camp of any sort, sold great quantities of officers' shoes and boots. That was true in Washington, perhaps, relatively more being sold in Washington than anywhere else, because there were relatively more officers here than anywhere else, and the prices were outrageously high.

Mr. MILLER. We will come to that a little later when we put these gentlemen from Washington on the stand.

According to your figures, the retailer makes a larger net profit per pair of shoes than before the war?

Mr. ROBERTSON. I think there is no escape from that conclusion. Since the proportion of the percentage of their sales necessary to meet their expenses has practically not increased at all, and their sales have increased and at a greater rate than the actual amount of money expended for conducting their business, there is no escape from the conclusion that they have made more money than they ever made before.

Mr. MILLER. Then the retailer is getting a larger return on his investment than in the prewar years?

Mr. ROBERTSON. I would say so. I will say this in that connection, that we did not ascertain the investment of shoe merchants. It was a difficult thing to do, and the men who were sent to collect these statistics of costs and selling prices from the shoe merchants were not accountants. Just the other day in a conference with some retail shoe merchants in another city I asked a question as to the turnover in the retail-shoe business. They said that the turnover of a good retailer would be from two and a half to four times a year. If that be true, even if it is only twice a year, they got a tremendous return on the capital actually invested in their business.

Mr. MILLER. Before we get off the question of profits, I would like to ask what percentage of profit your investigation shows was made by the tanners and shoe manufacturers for the years 1914 to 1918.

Mr. ROBERTSON. On page 28 of this report there are shown the profits of 50 representative tanning companies for the four years ending with 1917.

Mr. MILLER. The committee will insert at this point, as Exhibit B, the table on page 28 of the report of the Federal Trade Commission on the leather and shoe industries.

(The table referred to, marked "Robertson Exhibit B," is here printed in full, as follows:)

ROBERTSON EXHIBIT "B."

Rates of earnings on investments of 50 tanning companies grouped according to amount of investments, 1914-1917.

Groups.	1914	1915	1916	1917
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Under \$100,000.....	9.7	15.7	24.0	32.6
\$100,000 to \$250,000.....	13.6	23.5	26.6	34.4
\$250,000 to \$1,000,000.....	12.4	16.0	30.4	29.3
Over \$1,000,000.....	12.8	16.4	34.6	25.4
Total.....	12.9	16.5	33.8	25.7

Mr. ROBERTSON. This statement shows that the profits for the earnings of the tanners on their net investment in 1916 and 1917 were nearly twice as great as they were in the two previous years.

Senator CAPPER. Have you anything for 1918?

Mr. ROBERTSON. Nothing for 1918 with respect to return on investment. We stopped our inquiry before the end of 1918, and they had closed their books and we could not get the information.

Chairman BALL. Just one question there: There had been an advance of 60 per cent, or some such amount, was it not, in the price of leather?

Mr. ROBERTSON. I do not recall the percentage. It was a considerable advance.

Chairman BALL. The point I thought about bringing out was that probably while their return was double what it had been, whether the return on the amount of capital invested would be so much greater, on account of the increased cost of shoes to them.

Mr. ROBERTSON. These are tanners that I am speaking of now. We have the net investment for each year.

In 1914 these tanners received an average return of approximately 13 per cent. It only lacked one-tenth of 1 per cent of being 13 per cent. In 1915 it was 16.5 per cent. In 1916 it jumped to 33.8 per cent. In 1917 it dropped to 25.7 per cent.

Chairman BALL. It dropped back?

Mr. ROBERTSON. In 1917.

It is my judgment, based upon some knowledge I have of conditions in the industry, that 1918 would probably show a somewhat lower return than 1917, because in 1918 the prices of leather for a part of that year were fixed by the Government.

Senator CAPPER. How many firms are included in that report?

Mr. ROBERTSON. In this particular statement of investment and earnings, on page 28, there are 50 leather corporations, some large and some small.

Senator CAPPER. The Central Leather Co. is the biggest one?

Mr. ROBERTSON. Yes; but that is not in this report, for the reason that their balance sheets were so involved, because of the great variety of business in which they are engaged, that it is difficult and, in fact, without expending more time than we felt we would be justified in spending to readjust their balance sheets so as to get their investment in leather, we could not get that data. They are in the extract business, the tanning business, the lumber business, and the railroad business, and their general balance sheet include all these things. Also they are in the hide dealing business.

Senator CAPPER. The stock of the Central Leather Co. and about all the other big leather companies has been steadily going skyward?

Mr. ROBERTSON. It did for a while. I have not analyzed it recently.

Senator CAPPER. Stocks that are quoted on the market, I know, as far as I have been able to observe, have been jumping up steadily, indicating that they have been making more profits than ever before.

Mr. ROBERTSON. There is no question but that they have made more profit in the last two or three years than they ever made before.

Chairman BALL. This is the packer's profits that you were speaking of?

Mr. ROBERTSON. No; tanners of leather and shoe manufacturers' profits.

Senator CAPPER. The packers control some of those big tanning companies?

Mr. ROBERTSON. They own or control a large number of those tanning concerns. Armour has large interests in leather, and so has Swift, and the other packers have been gradually getting into it.

Chairman BALL. It would be hard to figure the profit on hides, because they credit it against the cost of the animal.

Mr. ROBERTSON. Yes. They credit it to meat.

Senator CAPPER. Swift & Co. recently promoted a \$30,000,000 deal which looks pretty good.

Mr. ROBERTSON. Speaking of the corporation organized by Swift, I know nothing of it except what I have seen in the newspapers. I understand from what I see that it is not for the purpose of acquiring additional tanneries, but simply to bring all the Swift tanning interests under one corporation.

Senator CAPPER. I think that is right.

Mr. ROBERTSON. They did, within the last two or three years, acquire a controlling interest in a very large tannery in Philadelphia.

Senator CAPPER. I was looking over their prospectus put out a few weeks ago, and they certainly put up a rosy talk for the prospects of the market and the profits they had been making and were going to make in the hide and tanning business.

Mr. ROBERTSON. That has been a very successful tannery. All of them have been successful.

May I here, just in connection with the profits of the tanners, call your attention to the profits of the shoe manufacturers?

Mr. MILLER. Please refer to the page of the report.

Mr. ROBERTSON. On page 104 of the report there is a statement representing the earnings on investment of 237 shoe manufacturers.

Mr. MILLER. At this point we will insert the table on page 104 as Exhibit C.

(The table referred to, marked "Robertson Exhibit C," is here printed in full, as follows:)

ROBERTSON EXHIBIT C.

Rates of earnings on investments of 237 shoe manufacturers grouped according to amount of investments in 1916 to 1917, inclusive.

Groups.	1914	1915	1916	1917
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Under \$100,000, 85 companies.....	12.8	14.6	31.5	26.5
\$100,000 to \$250,000, 56 companies.....	16.7	15.8	25.2	22.5
\$250,000 to \$1,000,000, 74 companies.....	15.5	15.2	26.6	25.0
\$1,000,000 to \$3,000,000, 14 companies.....	15.0	15.5	26.3	20.3
Over \$3,000,000, 8 companies.....	14.7	14.6	25.4	26.3
Average.....	15.1	15.0	26.1	24.7

Mr. ROBERTSON. These 237 shoe manufacturers had an average rate of earnings in 1914 of 15.1 and of 15 per cent in 1915. In 1916 and 1917 this rate jumped to 26.1 per cent and 24.7 per cent, respectively.

An interesting thing in connection with these statements on page 28 and page 104 is that the small concerns did about as well as the large concerns. They have been grouped according to their capitalization, and there is not much difference.

Chairman BALL. About the same percentage of profit?

Mr. ROBERTSON. Somewhere near the same. There are exceptions. But shoe manufacturers in 1916 and 1917, taking the average for 8.5

companies with a capital investment of \$100,000, had the highest rates of earnings of any group of shoe manufacturers in the business.

Mr. MILLER. Mr. Robertson, will you state to the committee whether the average retailer turns over his stock each year?

Mr. ROBERTSON. As I stated a moment ago, a committee of shoe merchants stated to me and to Commissioner Murdock, of the Federal Trade Commission, the other day that a good retailer would turn over his stock two and a half to four times a year.

Mr. MILLER. Can you give briefly the retailer's per cent of profit on a pair of shoes—or was that stated before as 50 per cent, in the early part of your testimony?

Mr. ROBERTSON. Assuming that the average is 50 per cent—and it is not far from that—a retailer who pays \$2 for a pair of shoes and adds 50 per cent to the selling price, sells the shoes for \$3. Assuming for the sake of easy computation that his cost of doing business is 25 per cent of the selling price, that would be 25 cents that it costs him to sell that pair of shoes, which would leave him 25 per cent net profit, and that would be $12\frac{1}{2}$ per cent of his cost. If he turns his investment over two and a half times a year, and assuming that one-fifth of his investment is for fixtures, which usually it is not, he would get a return of 25 per cent on his capital invested, or more.

Mr. MILLER. In your opinion, should that be reduced?

Mr. ROBERTSON. Speaking from the standard that most people have undertaken to set for industry in general, I would say that a return of 20 to 25 per cent on capital invested was excessive. If they complain of industrial concerns like the Steel Corporation and other large industrial concerns for earning and paying to their stockholders extremely large dividends, I see no reason why the retail merchant should be entitled to any greater return on his capital invested than the ordinary industrial concern.

CHAIRMAN BALL. His risks are no greater?

Mr. ROBERTSON. I can not see that they are. These gentlemen who are in that business may conclude that they are, but I do not know how they could, because they have never been in any other business.

Chairman BALL. You did not have any accountant go over the books of any of the retailers?

Mr. ROBERTSON. No, sir; we did not.

Senator CAPPER. The volume of business would make some difference?

Mr. ROBERTSON. Yes, sir; that would make some difference. The conditions of the retail merchandising business are very uneconomical. There are two or three times as many people, in my judgment, engaged in the retail business as should be. Many of these people are not making much, if any, return on their investment. They are making wages. They have practically no investment—a few hundred dollars or, at most, a few thousand dollars—and they are making their living, and the public is bearing this burden of paying two or three times as many people to serve it as are necessary to do it.

Senator CAPPER. You do not think, then, that the increased number of retail merchants causes any competition that would bring down prices?

Mr. ROBERTSON. From my own personal experience in buying things, particularly around the markets and buying things for the home—occasionally I do a little of that, but very seldom—it is difficult for me to escape the conclusion that the greater the number of retail merchants the higher the prices go.

Senator CAPPER. They would have to, unless there was competitions, because the greater the number the greater the overhead charges, and to produce a reasonable return on capital invested they would have to charge more. There is no doubt that large amounts of capital make larger returns on reasonable prices, because they reduce their overhead charges.

Mr. ROBERTSON. All their expenses are relatively reduced.

Senator CAPPER. All their expenses are reduced to a minimum.

Mr. ROBERTSON. Yes.

Mr. MILLER. Following out your suggestion, what else, in your opinion, could be done toward relieving the consumer with respect to lessening the expenses of retail dealers?

Mr. ROBERTSON. That is a very difficult question to answer. I know of no way to say to a man he shall not engage in a particular kind of business, or, if he is already in that business, that he should get out of it. The public can put him out of business if it wants to do it; but the public is disorganized and apparently can not organize. The public can correct these evils, or a large part of them, if it wants to do it badly enough, but apparently it does not.

Mr. MILLER. That is, even if the expenses of the retail shoe dealers were reduced, you do not think the consumer would benefit thereby?

Mr. ROBERTSON. Oh, no.

Mr. MILLER. Have you any further suggestions to make to the committee, Mr. Robertson, on the shoe industry?

Mr. ROBERTSON. I do not think of anything at the moment.

Mr. MILLER. The committee would like to have you remain here during the balance of the hearing this morning to offer any suggestions you may see fit.

Mr. ROBERTSON. I will be glad to do that.

Mr. MILLER (addressing Chairman Ball). Mr. Robertson is going to stay here with the committee. The next witness is Mr. Burt.

TESTIMONY OF MR. ARTHUR BURT.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you give your full name and place of business?

Mr. BURT. Arthur Burt, president of the Arthur Burt Co., 1343 F Street.

Mr. MILLER. Mr. Burt, the committee asked you to come down here to-day as one of the retail shoe dealers in Washington to be heard at the same time the Federal Trade Commission's expert was here. We want to get a few figures from you if you have them with you. What amount of capital did you have invested in your business in 1914, 1917, and 1918?

Mr. BURT. I am sorry to say that I did not understand the inquiry as for 1914; but I have figures with me for 1917 and 1918.

Mr. MILLER. Very well. Have you any information concerning 1914 with you?

Mr. BURT. No, sir.

Mr. MILLER. Then I will ask you only concerning 1917 and 1918. Will you read that into the record, Mr. Burt, please?

Mr. BURT. I am afraid I have mislaid the figures as to the capital invested, but I can tell you very closely—close enough to be satisfied to submit it in a sworn statement.

The capital invested in 1917 was \$60,000. It might vary a dollar or two, but that is very close to it.

Mr. MILLER. Now, 1918.

Chairman BALL. One question there: Does that include the real estate, or is that only the stock?

Mr. BURT. That includes the capital stock and the amount of the surplus.

Chairman BALL. You own the real estate?

Mr. BURT. We own our real estate, but we have a comparatively small equity in it.

Chairman BALL. That is principally stock; stock of your line of goods?

Mr. BURT. Yes, sir. Our investment so far as the shoe business is concerned is the amount of money necessary to carry a balance in the bank, when we are not borrowing, and the amount of stock on our shelves and the amount we have for dues from our customers. We do not consider our Liberty bonds and our real estate as having any immediate connection with our business. Of course, they are part of a statement to make to a financial institution, but we consider our investment is what we have invested in our stock of shoes.

Mr. MILLER. Will you give the committee the amount of your gross sales for 1917 and 1918?

Mr. BURT. For 1917, \$180,270, and for 1918, \$231,400.

Mr. MILLER. What were your gross profits for those two years?

Mr. BURT. For 1917, \$75,048.

Mr. MILLER. Now, for 1918.

Mr. BURT. 1918, \$84,709.

Mr. MILLER. Will you give the committee your net profits for those two years?

Mr. BURT. The net profit for 1917 was \$18,405; for 1918 they were less, being \$16,863.

Mr. MILLER. The committee will put in the statement from which you are reading as Burt Exhibit A.

(The statement referred to, marked "Burt Exhibit A," is here printed in full, as follows:)

BURT EXHIBIT A.

Statement of Arthur Burt Co. made to subcommittee of the Senate Committee on District of Columbia, Sept. 16, 1919.

1917—Sales.....	\$180,270	1918—Sales.....	\$231,417
Gross.....	\$75,048	Gross.....	\$84,709
Percentage.....	41.0	Percentage.....	36.6
Expense.....	\$56,643	Expense.....	\$67,846
Percentage.....	31.4	Percentage.....	29.4
Net.....	\$18,405	Net.....	\$16,863
Percentage.....	10.2	Percentage.....	7.2

Chairman BALL. Were the prices of shoes in 1918 fixed by the Government here?

Mr. BURT. I am very glad to have you ask that question. They were not. They were to have been fixed. The War Industries Board had a joint conference with the tanners, hide men, and manufacturers of shoes, wholesalers of shoes, and retailers of shoes, with a view to winning the war through the help of the shoe business. I should say that 10 weeks were spent down at the War Industries Board in joint conferences as to the most practical application of the intelligence, industry, and patriotism of all persons connected with the shoe business toward helping to win the war.

The shoe business is quite as complex as anything in which men engage for a living. There is an infinite variety of kinds of leather, kinds of shoes. There are shoes of all grades and kinds for men, women, and children. Fabrics are used very largely in shoes, both outside and inside. The feet of the American people vary greatly, even in localities, to say nothing of their likes about shoes. The War Industries Board recognized very quickly and very cordially the intricacy that there was in the shoe business. A great many statements were made by manufacturers, and more particularly by retailers, because it seemed to the War Industries Board—at least it appeared to us who sat in the conference that it so seemed to them—that the distributor was the most important factor in the whole thing; that he could do the most to conserve the material and energy and patriotism of the whole industry.

To that end these conferences led to a request by the board that the trade in general, that is, the tanners and manufacturers and wholesalers and retailers, would submit of themselves, of their own initiative, a set of regulations by which we would all agree to abide and that the retailers, through their association and the manufacturers through theirs, would agree to see that they were enforced.

Those regulations were signed by the manufacturers and wholesalers and retailers somewhere about September of last year. I am not sure of the date—the result of perhaps three months work. They were very comprehensive, they were very drastic, but they were very complete, and everyone was satisfied. The Government was absolutely satisfied, and told us when we were through that we had done a great and patriotic work.

The regulations were to go into effect on the 1st of June of this year, but such a short period elapsed between October or September and June that they never went into effect. The armistice was signed, the board was dissolved, and it was felt that there was no necessity of putting these things into effect. If they had gone into effect and the war had continued, they would have been very helpful.

At that time we had some very able men on the War Industries Board. Mr. Baruch was one. I think we all recognize that he was a man of intelligence. It was very cordially and frankly conceded by them that 40 per cent of the selling price of merchandise, that is, shoes, was a very reasonable profit, not on the cost, but on the selling price.

Mr. MILLER. Right there, Mr. Burt: You say it was agreed by the War Industries Board that 40 per cent was a proper profit?

Mr. BURT. A reasonable profit.

Mr. MILLER. They agreed to that at the War Industries Board?

Mr. BURT. They agreed to that as a basis of our regulations, and that 10 per cent was a reasonable profit on the sale.

Chairman BALL. That fixed it at 50 per cent?

Mr. BURT. That would seem to be 40 and 10, making 50; but there are two different calculations. The 40 per cent was, for instance, on a shoe that we bought for \$6 and sold for \$10, making \$4 profit; but if we got a dollar out of that for ourselves—and we were lucky if we did—it took \$3 to sell that shoe, that is, to go out and put it in stock and turn it over to the consumer and take the shrinkage; and if you had a dollar left for each pair of shoes you sold at the end of the year, you were a good merchant.

Chairman BALL. What do you mean by shrinkage? I do not know much about the shoe business. I did not suppose there was a very great shrinkage in shoes after you bought them.

Mr. BURT. I will give you a concrete example of shrinkage.

When the war broke out, it occurred to us, as it did to other merchants in town, that we could perform a very satisfactory service to the officers of the Army in providing footwear for them. There were comparatively few people who could make that footwear. There were comparatively few people who thoroughly understood the requirements of an officer's boot as it should be. Three or four of the houses here invested a large amount of money in that business. We went to the factories and we got, in some respects, the right of way over other communities in getting our orders filled because we had a great demand here. The demand was a very difficult thing to handle. The officers were here, there, and everywhere. They were in training camps, they were in camps that were not exactly training camps, but cantonments, such as Camp Meade; they could only get to town occasionally, and all of the stores had engaged a large force of experienced men, of ability, whom you could not hire for a dollar a day, to go to these camps, take the orders, take the goods out there and fit them or bring them back. That was a very considerable expense, but, so far as I have been able to learn, not one charged a cent for that service.

Mr. MILLER. As long as you have brought up that subject, Mr. Burt, will you turn to this copy of the Federal Trade Commission's report and look at page 134?

Mr. BURT. Yes, sir.

Mr. MILLER. That is Robertson Exhibit A. The company numbered 370; you understand. Is your company—

Mr. BURT. Of course I do not know that.

Mr. MILLER. You will note there that your percentages in the right-hand column are none below 50 per cent. Those are on the military shoes you sold?

Mr. BURT. Yes, sir.

Mr. MILLER. The highest one there is "men's tan calf blu." on which you show a percentage of 71.

Mr. BURT. In the extreme right-hand corner?

Mr. MILLER. Yes. Will you explain to the committee why such a high percentage was necessary? We would like to have you enlighten us on that.

Mr. BURT. I would be very glad to do so. I would say that that is an error, although it is no doubt taken from my own figures. So far as I know we never sold a shoe that cost \$4.37 at a profit that would return that 71 per cent. This is on the cost price, you know.

Mr. MILLER. The selling price of that particular shoe was \$10.50 upon which there was a margin of profit made of \$4.37, or 71 plus per cent.

Mr. BURT. The only way I can see how that shoe was sold at that price was that we had bought a good many shoes of that description at a much higher price and found we could get that shoe from somebody when we could not keep our stock full and the shoes were all of the same type and description. Perhaps there might have been 50 pairs of those shoes. For us to sell that 50 pairs for less than we were selling that type of shoe would have gotten us in bad right away.

Chairman BALL. There is one question I want to ask you on the percentage proposition.

I gather that the average increased price was 50 per cent for selling the shoes. I know that the \$5-shoe of four or five years ago is now selling for \$10. That is my experience in buying shoes——

Mr. BURT. It is not as good, either.

Chairman BALL. Fifty per cent of \$5 is \$2.50; 50 per cent of \$10 is \$5. That is not an increase of 50 per cent, but it is an increase on your money of 100 per cent. You see what I mean?

Mr. BURT. I am sorry; but I do not quite follow you.

Chairman BALL. Your profit jumps from \$2.50 to \$5 on one pair of shoes. That is a profit of 100 per cent.

Mr. BURT. Men who have stayed in business very long have long ago discarded or discontinued speaking of percentages on costs when they are contemplating selling. Of course, percentage will carry through all percentages. A given percentage on the cost is a given percentage on the selling price, but we have——

Chairman BALL. I would like to state that all the questions we ask you are simply for information. That is all we are after at this investigation. Of course, if there is any legislation that can be passed that is going to correct the condition, we would like to do it, but all our questions, although some of them may seem very pertinent, are merely to get concrete information.

Mr. BURT. I hope that you will understand that I am heartily in favor of that. If there is anything in the retail business in general that is wrong——

Chairman BALL. Any bill that we pass, of course, would be a general one.

Mr. BURT. The retail merchants would be glad to have it corrected.

Mr. MILLER. Can you tell the committee the average amount of stock carried on hand by you for the years 1917 and 1918, which are the years we are discussing?

Mr. BURT. I think I can. In 1917, 43,000——

Mr. MILLER. That is, per month?

Mr. BURT. That was the inventory on the date given. That is the figure I have here. There were some months when it was considerably more and a few when it was a little less. In 1918 it was 54,000.

Mr. MILLER. Will you please give us the months in those two years, if you have them there?

Mr. BURT. In which the inventory was taken?

Mr. MILLER. Yes.

Mr. BURT. Both on February 28.

Mr. MILLER. How long after shoes are delivered to you by the manufacturer do you have to pay for them?

Mr. BURT. We order them a long time ahead to be delivered on dates certain. As a rule they are not delivered on these dates, but we pay for them, as a rule, on the 10th of the month following the date of the delivery. All shoes received in August are paid for on the 10th of September.

Mr. MILLER. Can you give the committee the average amount of your monthly sales for those two years that we have been discussing?

Mr. BURT. Only by dividing by 12. They run fairly even. It is surprising that they do, considering the seasons.

Mr. MILLER. What figure would that be, then?

Mr. BURT. That would be, for 1917, about 15,000, almost exactly; for 1918, just a little less than 20,000.

Mr. MILLER. In this table that you have submitted as Exhibit A to your testimony, your expenses for 1917 were \$56,000, in round figures, and for 1918, \$68,000, in round figures. Will you kindly tell the committee what you include in the item of expenses in the way of salaries for you or any of the members of your firm?

Mr. BURT. For 1917 my salary was \$5,000. For 1918 it was \$7,000. For 1917 there was no salary paid to any one else in that way. In 1918 the treasurer had a salary of \$500. The secretary had a salary of \$900 in 1917 and \$1,000 in 1918.

Mr. MILLER. Can you tell the committee how many pairs of shoes you bought and sold in the years 1917 and 1918?

Mr. BURT. I have not the figures here. It is a matter of record in our store.

Mr. MILLER. You can not give us any figures, then?

Mr. BURT. I would be very glad to give them to you.

Mr. MILLER. Will you send them to the chairman as soon as you can after this hearing?

Mr. BURT. Oh, yes; it is a matter of tabulation.

Mr. MILLER. Will you be good enough to send them to Chairman Ball, then, as promptly as possible?

Mr. BURT. Yes, sir.

Mr. MILLER. Will you give the committee the expenses, the operating costs, per pair of shoes for the years we have been discussing?

Mr. BURT. As soon as I have those figures we can divide them into these expenses and give you the answer.

Mr. MILLER. Then will you kindly include that in your statement that you are going to send to us?

Mr. BURT. I will be very glad to.

(The statement referred to was subsequently submitted and is here printed in full, as follows:)

WASHINGTON, D. C., September 16, 1919.

HON. L. H. BALL,
United States Senate.

DEAR SENATOR BALL: In calculating the operating cost per pair of shoes for 1917 and 1918 we have deducted from the cost of operation 10 per

cent as probable cost of selling hosiery, findings, and repair work, which then shows:

1917—Total cost of operating-----	\$56,643.00
Less 10 per cent-----	5,664.00
Divided by pairs sold (16,220)-----	50,979.00
Per pair-----	3.14
1918—Total cost of operating-----	67,846.00
Less 10 per cent-----	6,784.00
Divided by pairs sold (19,471)-----	61,062.00
Per pair-----	3.13

Yours, very truly,

ARTHUR BURT Co.,
ARTHUR BURT, *President.*

Mr. MILLER. Mr. Robertson would like to ask a question, Mr. Burt.

Mr. ROBERTSON. Mr. Burt, would dividing the expenses as shown here by the number of pairs of shoes sold give the expense per pair of shoes?

Mr. BURT. I would say not, Mr. Robertson.

Mr. ROBERTSON. It occurred to me that it would not, because you sell hosiery and rubbers and various other shoe findings, the expense of selling which is included in your statement of expenses here. So the figure you would arrive at by dividing this by the number of shoes sold would be more than the actual cost of selling the shoes.

Mr. BURT. If it is desired by the committee we can subtract our sales of hosiery and findings and rubbers per pair or shoes and give the actual sales of shoes and divide that by the number of pairs.

Mr. ROBERTSON. That would be better.

Mr. MILLER. We are only discussing shoes here. That is what we want, Mr. Burt.

Mr. BURT. Yes. That I can do.

Mr. MILLER. Mr. Burt, will you tell the committee what percentage of the cost price of shoes you add in arriving at your selling price?

Mr. BURT. Sixty-six and two-thirds.

Mr. MILLER. We are discussing now the years 1917 and 1918.

Mr. BURT. 1916, 1917, 1918, 1919, and until we are compelled by an act of Congress to change it, or by changing conditions in the cost of labor, we must have 40 per cent on our sales to make as much as a bricklayer or a carpenter, for ourselves.

Mr. MILLER. Do you sell as many pairs of shoes now as you did in the prewar years?

Mr. BURT. I could not tell you that without my figures, but I would say a few more, not a great many.

Mr. MILLER. Then your military shoe business not altogether make up for the loss of civilian trade due to people being away in the Army, some of your customers being elsewhere?

Mr. BURT. I do not think I follow you.

Chairman BALL. The population of Washington has increased greatly.

Mr. BURT. I would say that the military business was an extra. I think, if anything, we sold—this is a matter of opinion, I have not

the record—I would say we sold twice as many pairs of civilian shoes in 1917 as we did in 1916.

Mr. MILLER. One other question about the table you submitted as Exhibit A: Do your expenses include income taxes or other taxes and, if so, will you tell the committee what they were?

Mr. BURT. The total expense includes income taxes.

Mr. MILLER. Does it cost you more to handle a pair of shoes now than it did in 1914?

Mr. BURT. Yes, sir.

Mr. MILLER. Can you give the committee the figures on that?

Mr. BURT. To sell a pair of shoes?

Mr. MILLER. Yes.

Mr. BURT. It is pretty hard to say what it costs to sell a pair of shoes.

Mr. MILLER. I want to bring it out, and it is to your interest to have it brought out. That is the reason I ask the question.

Mr. BURT. I want to give an intelligent answer, that is all, and a truthful answer.

Mr. MILLER. You say that it costs you more to handle a pair of shoes now than it did five years ago. What has caused this increase?

Mr. BURT. All of our merchandise comes to us by express instead of by freight. That is perhaps the first item. Salesmen who were very well satisfied with a weekly wage of \$18 and \$19 are now getting \$40 and \$45.

Mr. MILLER. The second reason, then, is the increase in the wages of your salesmen?

Mr. BURT. Yes, sir. That is the principal item of expense—and the necessity of more sales people to the number of pairs of shoes sold. People demand a different service.

Mr. MILLER. Are there any more reasons that you want to present to the committee?

Mr. BURT. Of course everything in any store, from the brooms that we sweep with and the cloths that we clean the windows with, cost double what they did. There is not anything that is exempt.

Chairman BALL. Do you own your own building?

Mr. BURT. We have an equity in our building.

Chairman BALL. Of course any repairs to your building would cost more now than under ordinary conditions?

Mr. BURT. Yes, sir.

Mr. MILLER. Before the war was it your practice to sell broken lines or odd lot shoes at greatly reduced prices toward the end of the season?

Mr. BURT. Yes, sir.

Mr. MILLER. Do you do that now or do you get a better price for these broken lots or odd lines than you did several years ago?

Mr. BURT. Neither one of those questions expresses our part in that matter.

Mr. MILLER. As I understand it, before the war, at the end of the season you had a lot of broken lines or odd lots of shoes that you would sell at greatly reduced prices. Is it not true that now you are able to dispose of the same character of goods at the end of the season at much better prices?

Mr. BURT. No better in proportion to the cost of them.

Mr. MILLER. How do you handle the odd lots and broken lines of shoes that you have?

Mr. BURT. I expect my conferees will smile at this, but we make it our business to have very few of them. We can not afford it any more. There is a loss there, and we think it is up to us to avoid it as much as we can by keeping fewer of them. Our store is not a representative store in Washington.

Mr. MILLER. I have always considered it so.

Mr. BURT. It is a standard store; it is not a representative store, so far as the costs of retailing are concerned. As to some of our neighbors who go more than we do into the fancy goods, their losses on that class of goods is greater than ours. Some carry a wider range of sizes. We do not dodge sizes. We carry a good stock of shoes, but we do not carry some of the extreme sizes as some of our neighbors do. They never knew that until I told them this morning. We are ceaselessly trying to lower the price of operating a shoe store. That is a small item compared with salesmen's salaries, but it is an item.

Mr. MILLER. Is your gross profit per pair of shoes practically twice as great now as it was in 1914?

Mr. BURT. I could only tell that by—we have never made a calculation of the gross profit.

Chairman BALL. You will give that in your report to me later, anyhow?

Mr. BURT. Yes, sir.

Mr. MILLER. Is it not a fact that your business from the point of view of number of pairs of shoes handled has not materially increased, but that in dollars and cents your profits have increased?

Mr. BURT. Compared with what years?

Mr. MILLER. Prewar years.

Mr. BURT. I think they have. If I made a statement to the contrary, I did not mean to indicate that we had not sold more shoes in 1916, 1917, and 1918 than we sold in 1914 or 1915. The question that I supposed I was answering was comparing 1916 and 1917.

Mr. MILLER. That would be due, of course, to the higher prices you got?

Mr. BURT. Both. There were more people in town. I may be wrong, but I think we sold more pairs of shoes in 1916 than we did in 1915 or 1914.

Chairman BALL. There is one thing I do not understand in this report of yours. In 1917 you had \$180,270 and in 1918 you had \$231,417. Your percentage is less and your net earnings are less. How is that covered in—by the increased taxes that you have to pay?

Mr. BURT. No, sir; by the increased merchandise and the increase in expenses. We could not get the prices; we could not sell our goods and make as much.

Chairman BALL. Has your percentage been reduced? I understand that you added 66½ per cent.

Mr. BURT. That is our rule. We do not always do it. Our statement shows that one year the gross was 41 per cent and the other, I think, was 36 per cent.

Chairman BALL. The sales were very much greater and yet your net earnings were very much less. You have deducted from this your profit tax to the Government, I suppose, have you?

Mr. BURT. In both cases. Perhaps I am not answering that question correctly. After deducting this, that is what we got for our work for the year after paying our taxes.

Chairman BALL. Your taxes were very much greater last year than the year before?

Mr. BURT. Yes; but our net return was less. We feared we would not hold our volume if we did not reduce our profit, because—

Chairman BALL. Oh, you did reduce your profit?

Mr. BURT. Yes, sir; we did reduce it. Our statement shows that for the year 1918 our gross was, I think, 36 and a fraction, as compared with 41.

Chairman BALL. There is some reduction in your gross profit, too?

Mr. MILLER. Mr. Robertson wants to bring out one point.

Mr. ROBERTSON. In reference to this statement, Mr. Burt, you stated a moment ago that your investment was \$60,000, in round figures, in 1917. You show that your net earnings that year were \$18,405. You show a net percentage of earnings of only 10 per cent. \$18,000 is 30 per cent of \$60,000.

Mr. BURT. I supposed that what I was asked for in this statement was the percentage on our sales; \$18,000 of 10 per cent of \$180,000.

Mr. ROBERTSON. This is not a percentage on investment; it is a percentage on sales?

Mr. BURT. On sales; yes.

Mr. ROBERTSON. I see. Then you turned over your capital three times. Your sales were \$180,000, your investment \$60,000, and you turned over your capital three times, and you made on the turn-over 10 per cent, and you made on your capital invested three times that, which was 30 per cent, after you had deducted your excess-profits taxes?

Mr. BURT. Yes, sir. May I make a statement?

Chairman BALL. Yes.

Mr. BURT. In the first place, I would like to acknowledge my appreciation of what I would call, Mr. Robertson, the initial work of your commission. I think you have started on a good thing. It is not up to me to suggest to Mr. Murdock or to you how to carry it through, but if this can be made an educational campaign by which the people of the country will know all that it costs and all of the risks of retail merchandising, whether it be shoes or anything else, but more particularly shoes, because the shoe business is one of the most hazardous businesses there is, I think the commission will serve the country very well indeed.

Mr. ROBERTSON. I am very glad to hear you say that, Mr. Burt.

Mr. BURT. I believe in statistics; I believe in figures, and I try very hard not to let anybody, particularly myself, fool me on figures.

The retail shoe business requires a degree of plain everyday work and thought and energy and involves a risk that I believe is not equaled by any other business.

Chairman BALL. That is one thing I wanted to bring out some time ago, why there is this increased risk in the shoe business.

Mr. BURT. Because the people want what they want when they want it. We can not sell them anything else.

Chairman BALL. Do you think that is more true as to shoes than as to clothes or anything else?

Mr. BURT. I would not say so, so far as that goes, but I think it is harder for a shoe merchant to get what the people want when they want it than it is for a clothing man. Clothing is made in a comparatively short time. There are no lasts or patents, and styles are not as intricate in clothing. A shoe can not be made in a day. Even an ordinary grade of shoe requires 8 to 10 weeks to go through the factory. We have first to settle on the grade of shoes; then we get a list of kinds. You must remember that we have slippers, we have pumps, we have oxfords, we have button boots and laced boots. We have them made of numerous kinds of leather and fabric, various heights of heels. Some of them are turn soles, some are welt soles, and we carry a stock for the public of somewhere around five or six hundred pair of shoes for one customer, and they are valuable. A grocer can sell a thousand cakes of soap to a thousand different people, and he need only have 150 or 200 cakes of soap in the store, because he can have them coming in the back door and going out the front. But we have to order shoes and contract for them, and when we have done that we have got to take them and pay for them.

We do the guessing; we hold the bag. We have got to guess at what the women will want nine months hence. We give our orders to the manufacturers for those shoes on the price of shoes at that time. When they come in we have to take them and sell them. The production of shoes in all the factories has fallen off from 40 to 60 per cent and none of us has had as many shoes as we could sell, particularly in the luxuries. The people to-day want luxuries. If they were all to wake up to-morrow morning and say, "We will only wear staple shoes," the shoe business would be bankrupt to-morrow night. People go on from step to step. There were people not long ago who would not have a telephone. Where is the householder who does not have a telephone to-day? They come into our store and they want a definite, particular thing. They want people who know their business to sell to them. They want people who are gentlemen and who wear clean collars and have their finger nails cut. It makes no difference what part of the city it is. A neighborhood store, I think, can operate at less expense than we can. They want service. They want their shoes delivered. They want the privilege of exchanging them. They want to have them charged. If a lady comes in and wants a patent-leather pump 5½-A, and you have not got it, you have got to be honest with her and tell her, "We haven't it." She goes elsewhere. We do not shovel shoes to a person.

I want to go on record by saying that shoes are for sale in Washington at moderate prices for all who want them, but the people care very little for them. They will not buy them in any quantities. You can buy shoes to-day, good shoes, at \$7 a pair; good enough for anybody. But they are sticking around on the shelves. You can buy shoes at \$10. I have lots of shoes at \$10. I do not think we sell six pairs a day of those shoes. We sell shoes beginning at \$10, \$12, \$14, and \$15. The character of the investment is very different from buying a lot of hardware that is good until it is sold. We might buy a large quantity of shoes which we think are going to sell but which we may not sell at all. We may sell 90

pairs out of 100 for considerably less than we paid for them. We have got to do it or we will go broke. We have got to sell the merchandise.

When you consider the length of time in which we are obliged to make our contracts, and the delay in getting them filled, the expense of giving the people good service, intelligent service, the right shoe at the right time, not a shoe that does not fit—because we do not sell shoes that way—it is a hazardous investment. I can point out to you the stores or types of stores whose expenses are much less than ours, but we call them “shoe shovelers.” They do not fit shoes. It is a profession, if you please. I have been in it 40 years, and I think I have yet something to learn. I am trying to learn, and I am trying to keep my business so that the grandchildren of the people who are coming into my store to-day will come in as the grandchildren now are coming in of the people whom I serve. They trust me. They trust Mr. Little, Mr. Rich, Mr. Strasberger, Mr. Hahn. The people come into their stores and believe them. They believe they are honest, reputable merchants, and if Mr. Robertson will incorporate in some way in the Federal Trade records some of the difficulties and some of the expenses and some of the risks we take—

Mr. ROBERTSON. I have.

Mr. BURT (continuing). I will be grateful to him, and the people will be grateful, because they only want to be set right.

There is no profiteering generally. There may be cases. I do not mean that there are not people who are profiteering in shoes, but I think they are very few and far between, and our local association and our national association would be very glad to read out of our association any man who sells anything but a luxury for over 40 per cent of his selling price.

Mr. ROBERTSON. You would clear a profit, then, of 78 per cent, which is shown in your figures here, which in some cases are probably excess profits?

Mr. BURT. But if you please, our regular profit is 66½.

Chairman BALL. We are very much obliged to you for your testimony, Mr. Burt.

Mr. BURT. I assure you, Mr. Chairman, it is a great pleasure to me to give facts in connection with our business and, so far as I can speak for the industry, also for the industry. If we can help the Government or the Federal Trade Commission in any way that will make the people of the country feel that they are not paying more in the price of a pair of shoes than it really costs to sell them, I think the people will be satisfied, and I know of no authority that will bring that about more rapidly than the Federal Trade Commission.

Chairman BALL. Our point is that it is costing too much to sell them. We do not know where it comes in. Possibly it comes from the bottom up. It is costing too much, just as other things are costing too much to-day. It is causing this general unrest.

Mr. BURT. We can only speak as retailers. There may be many other costs back of ours, but we do not know anything about it.

Chairman BALL. I do not mean that as a charge against the retail dealers. The cost of most things to-day is too much above the normal cost, not only shoes, but everything else.

Mr. BURT. I do not think it is any more in shoes than it is in anything else.

May I make a further statement?

Chairman BALL. We have got to get through this hearing by 12 o'clock, and there are several yet to testify.

Mr. BURT. This is just a side light; that is all. When we began to sell hosiery, we thought that we were going to have nice hose for the ladies at a moderate price, and we thought that we were going to be smart enough to beat the department stores. We had wonderful hosiery for 50 cents a pair. A man came into the store one day and said, "What are you doing with all this stuff? Why don't you dump it?" I said, "We are building up a trade." He said, "Why don't you throw this stuff away and buy what people want? People don't want lisle hosiery; they want silk." I sold the cotton hosiery for less than it cost me and put in silk hosiery, and then we began to do business. We sell a great many more pairs at \$2.25 than we did before at 50 cents. It is because we have what they want.

Chairman BALL. Your point is well taken. The people are responsible for a great deal of it.

Mr. BURT. We do not put our money into things that we think we are not going to sell.

Chairman BALL. We are very much obliged to you Mr. Burt. We will now hear Mr. Rich.

TESTIMONY OF MR. HERBERT RICH.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please give your full name, the name of your firm, and the place of doing business.

Mr. RICH. Herbert J. Rich, manager of B. Rich's Sons, 1001 F Street NW.

Mr. MILLER. Can you give the committee the amount of capital you had invested in the years 1914, 1915, 1916, 1917, and 1918?

Mr. RICH. In 1914 the capital invested was \$77,759.22; in 1917, \$95,222.74; in 1918, \$111,924.54.

Mr. MILLER. Will you give the committee your figures showing sales?

Mr. RICH. In 1914, \$171,432.05; 1917, \$259,691.10; 1918, \$422,838.73.

Mr. MILLER. What were your gross profits for those three years?

Mr. RICH. \$56,474.05—

Mr. MILLER. For what year?

Mr. RICH. 1914. In 1917, \$86,547.46; in 1918, \$176,361.47.

Mr. MILLER. What were your net profits in those three years?

Mr. RICH. In 1914, \$2,044.63; in 1917, \$18,743.75; 1918, \$64,743.32.

Mr. MILLER. Have you figures there showing your operating expenses for those three years?

Mr. RICH. Yes.

Mr. MILLER. Please give those.

Mr. RICH. In 1914, \$34,429.42; 1917, \$67,803.71; 1918, \$11,617.93.

Mr. MILLER. Will you tell the committee what you include in your expenses—salaries, etc., in your firm?

Mr. RICH. In 1914 and 1917 the figures include salaries for the two members of the firm, of which I am not a member, of \$5,200 apiece. In 1918 the salary was \$6,500.

Mr. MILLER. For those two members of the firm?

Mr. RICH. Each of those two members of the firm.

Mr. MILLER. And your expenses, of course, include your income tax?

Mr. RICH. In fact, it includes the excess-profits tax, but the net income tax of the individual members are of course paid out of their shares of the profits.

Mr. MILLER. What amount of capital is invested in stock on hand?

Mr. RICH. I have not those figures with me.

Mr. MILLER. Can you give the committee the average amount of stock carried on hand in those years?

Mr. RICH. I can only guess or estimate. I think the figure in 1918 was around \$90,000. That was a monthly average.

Mr. MILLER. In 1917?

Mr. RICH. 1917, I have no recollection, and the figure for 1914 I have no recollection of. I would have to get it.

CHAIRMAN BALL. It would be greater in 1918 on account of the increased prices?

Mr. RICH. The cost of merchandise.

Mr. MILLER. How long after your shoes are delivered by the manufacturer do you have to pay for them?

Mr. RICH. Some of them within 10 days and some of them on the tenth day after the date of shipment.

Mr. MILLER. The maximum date is the latter?

Mr. RICH. The maximum date is the latter, and it is unusual. It only applies to about 20 per cent of our purchases.

Mr. MILLER. What is the average amount of your monthly sales?

Mr. RICH. In 1918—you can get that by dividing by 12; that is all I can do.

Chairman BALL. That is very easily worked out without going into that.

Mr. MILLER. Can you give the committee the number of pairs of shoes you bought and sold in those years?

Mr. RICH. I have not that data. I have not it on record at the store, either.

Mr. MILLER. On the matter of military shoes, will you refer to page 134 of the report of the Federal Trade Commission on leather and shoe industries, which has been inserted in Mr. Robertson's testimony as Exhibit A? I understand that company No. 371 refers to some figures obtained from your company, Mr. Rich?

Mr. RICH. Yes.

Mr. MILLER. I also observe that your percentage of profit in 1918 was much lower than any of the others, ranging from 38 per cent, the lowest, to 58 per cent, the highest.

Mr. RICH. That was accounted for by the fact that we averaged in the cost of our military footwear what we had on hand.

Mr. MILLER. You also gave soldiers in uniform a discount?

Mr. RICH. No; we gave soldiers in uniform no discount, but gave discounts of sales through post exchanges.

Mr. MILLER. What do you consider that your average per cent of profit should be? You have heard the witness who preceded you testify that he considered 66 $\frac{2}{3}$ per cent proper.

Mr. RICH. Sixty-six and two-thirds per cent of the cost has been our average mark-up.

Mr. MILLER. Yet how is it that you are able to sell military shoes at a less percentage of profit?

Mr. RICH. As I said, by averaging the previous purchases at a very much lower figure.

Mr. MILLER. I wanted to bring that out, because that is particularly significant in the figures concerning your firm.

Did the military trade increase your business perceptibly, and also increase your profits perceptibly?

Mr. RICH. It increased our business, but I would not say our profits. Our average profit was the same on the amount of business we did.

Mr. MILLER. Do you sell more pairs of shoes now than you did in the prewar years?

Mr. RICH. I would say about 25 per cent more.

Mr. MILLER. Does it cost you more to handle a pair of shoes now than it did in 1914?

Mr. RICH. It does, about twice as much.

Mr. MILLER. Please explain briefly the details.

Mr. RICH. Our rent has doubled, the wages of our sales force are two and a half times as much as they were in 1914, and the little expenses, like express charges, which are small, but in the aggregate amount to considerable, have also increased considerably.

Mr. MILLER. Is it true that the gross profits for a pair of shoes is twice as much as it was five years ago?

Mr. RICH. The gross profit per pair of shoes in dollars or in percentage?

Mr. MILLER. In dollars.

Mr. RICH. I should say it is.

Mr. MILLER. Then, it is true that from the standpoint of the number of shoes handled, your business is practically the same, but your profits in dollars and cents are higher?

Mr. RICH. And our investment is higher also.

Chairman BALL. Thank you, Mr. Rich. The committee will next hear Mr. Meyer.

TESTIMONY OF MR. SOL MEYER.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Please give your full name and your place of doing business.

Mr. MEYER. Sol Meyer, of S. N. Meyer (Inc.), 1331 F Street.

Mr. MILLER. Can you give the amount of capital you had invested in your business in the years 1914, 1917, and 1918?

Mr. MEYER. No; but I will submit that to the committee as soon as the auditor can finish it, which will be inside of 4 days. There is an auditing firm going over our books now, and these facts will be gotten up.

Mr. MILLER. You can not get them in any earlier than that? We hope the testimony will be printed before that.

Mr. MEYER. I can give you 1918 and 1917, I think, immediately.

Chairman BALL. That will be sufficient for this testimony, and we will let it go at that. We do not want to hold up printing the testimony.

Mr. MILLER. What we are interested in is your shoe trade, not all the other side lines.

Mr. MEYER. That is what I was going to bring forth. Before going into the testimony I will say that we are not shoe dealers. We are primarily a military house. Shoes are a side line with us. Up until September 1 of this year shoes were not a separate department. We had no separate records on shoes. I can only give you from memory and from bills and invoices and sales checks such facts as you might want. We can not give you for any year the amount of shoe business, because we never kept it separate.

Mr. MILLER. Then I will say, Senator, that I only want to ask Mr. Meyer some questions about military shoes as brought out in this Federal Trade Commission report

Will you refer to page 134? On page 134 you will note that under company No. 375 military shoes first-grade, are given. Have you the point there?

Mr. MEYER. Yes, sir.

Mr. MILLER. In 1918, for instance, the margin of profit was 78½ per cent on that particular grade of shoe.

Mr. MEYER. Yes, sir.

Mr. MILLER. Will you tell the committee why it was necessary, in your opinion, to get those prices for these shoes?

Mr. MEYER. Just a moment; I want to verify these figures.

In the first place, we bought shoes and marked them at the prevailing prices of the other shoe stores. The percentage of profit we never figure on, because it is simply a question of selling shoes along with our other stuff.

Mr. MILLER. That was a standard military shoe, was it not, that you bought for, say \$7 and sold for \$12.50?

Mr. MEYER. Where are you reading now?

Mr. MILLER. That same column, military shoes, first grade.

Mr. MEYER. \$6.50; sold for \$10.50.

Mr. MILLER. That was back in 1916. I was referring to 1918.

Mr. MEYER. In 1918 it cost \$7 and it was sold for \$12.50.

Mr. MILLER. Can you give the committee any reasons why you had to sell the shoes for that price? We want your side of it

Mr. MEYER. There is no reason at all. Our margin of profit was not fixed. We never had any particular margin of profit to make on shoes. Other shoes, perhaps, sold at less profit.

Mr. MILLER. Then you consider that the margin of profit was justifiable if you were able to get it from your customers?

Mr. MEYER. Certainly. Shoes are, as I told you, a side line with us. In fact, we do not intend to continue the shoe department, and we figured on taking a loss on quite a number of shoes when the war was ended.

Chairman BALL. Now, Mr. Little, we will hear you.

TESTIMONY OF MR. NEWMAN G. LITTLE.

(The witness was duly sworn by Chairman Ball.)

Mr. MILLER. Will you give your full name and your place of doing business?

Mr. LITTLE. Newman G. Little, 1211 F street; of Snyder & Little.

Mr. MILLER. Can you give the committee figures showing the capital invested in your business in 1914, 1917, and 1918?

Mr. LITTLE. I am unable to furnish the figures for 1914, for this reason that I was a silent partner in the concern of Snyder & Kidd until Mr. Kidd's untimely death in an automobile accident, and then our business was reorganized as "Snyder & Little," sometime in 1915. So I have only the figures for 1916, 1917, and 1918.

Mr. MILLER. Will you kindly give those to the committee?

Mr. LITTLE. May I make a comment? You have been asking for average stock. January 1 is our stock-taking time, and the figures are unfortunately based on that date.

Chairman BALL. That would not be a fair average stock?

Mr. LITTLE. No, sir. The stock is higher than that.

Mr. MILLER. Could you give the committee your gross sales for those three years?

Mr. LITTLE. Yes, sir. In 1916, they were \$99,531.83. In 1917, they were \$116,108.91. In 1918, \$221,903.09.

Mr. MILLER. What were your gross profits in those three years?

Mr. LITTLE. The gross profits were \$41,000 for 1916, \$48,000 for 1917, and \$88,000 for 1918.

Mr. MILLER. Have you the figures showing your net profits for the same years?

Mr. LITTLE. Less the expenses, \$7,429.69 for 1916; \$11,773.64 for 1917; \$29,715.34 for 1918.

Chairman BALL. Your expenses did not increase in proportion to the increase in your sales?

Mr. LITTLE. No; and may I explain the reason why? I know your time is valuable, but I would like to have an opportunity to explain some of the things that for 30 years have been driven into me. I would like to explain to gentlemen who might be led to believe that the shoe business can be put on the same basis with other businesses.

In the first place, my father laid the foundation in the seventies for my business life. It is true that there are years that are very lean by reason of the "style game," as we call it, and some other years that look better. To take 1918 out of my business experience would leave me with a flat investment, or to take 1917 or 1918 or any other year. As I look back over about 30 years there are three decided epochs where style played havoc with us. About the time I entered the business without warning congress gaiters ceased to sell. Later, about 10 years ago, when we were stocked to the ceiling with tan shoes, nobody would buy tan shoes, and only within the last few years button shoes have gone the same way. I do not believe there is a dealer in the country who will not have to take some of his profit and put it back to make his business solvent when shoes become unsalable. We have had our share of that.

May I show you some samples of shoes I have brought here? It will take but a minute to visualize it. I will show them to you with your permission. These speak louder than words.

This, up to 1915 [indicating a shoe] was our finest dress shoe, a plain-toe, cloth-top, patent leather button shoe.

This [indicating another shoe] is our popular product.

Mr. MILLER. Just describe the last one.

Mr. LITTLE. The description of the second one is Newcastle's No. 1, brown, Blumenthal, 9 inches high, with a full Louis heel.

Mr. MILLER. What is the third?

Mr. LITTLE. An all-patent Colt—and if they do not go, you can put them in the furnace. That is what we will probably have to do.

Two employees of the Treasury who are preaching for economy gave us a call, and I said to the two parties who were interviewing me that here was the real cure for high prices to-day. If people knew we had this [indicating] they would buy them. They are foot coverings, and they are very good in many ways. They are superior shoes from the point of material. We can not get a stock as fine as that to-day.

Mr. MILLER. Do you sell those shoes at a reasonable rate?

Mr. LITTLE. I will tell you what happened the other day. A lady came to our store and said to the salesman, "I have \$10 for two pairs of shoes, and I am not bothering about style." He came to me and I said, "Button shoes. Let the bars down. Give her the best in the house." And she got them. We have got to charge these off. They will not be fit to show in a little while.

You can walk into my store and find long profits. Take, for example, a shoe for which I used to pay \$3, and sold for \$5. It kept up, and up, and up. To-day I am paying \$7 and selling the shoe for \$11. Each time a shipment has come in I have averaged the cost of the staple shoes. The result is that you may walk into my store to-day and find a pair of shoes that I paid about \$3.50 for some time ago selling for \$11. But they have borne the average all the way up, and these are marked-up because they are necessary shoes.

We do not feel that way about this stuff [indicating]. We do want 40 per cent of the selling prices on that and on this [indicating].

Back in 1915, 10 per cent of my purchases were shoes for the class of people who could afford them and desired to have them. To-day I have less than 10 per cent of conservative shoes, and I have bought over 90 per cent of this stuff [indicating].

As Mr. Burt has said, we are simply following the trend.

There is another thing I want to suggest in connection with these figures, and that is I have no way of separating our large accessory figures from shoes.

Mr. MILLER. In other words, your Exhibit A is for the whole business?

Mr. LITTLE. For the whole business. I have no way of separating it. We have sold buckets full of cut steel buckles, which render a considerable profit.

Mr. MILLER. Mr. Little, we want to get a few points from you and then the Senators will be through.

Is it not true that the gross profit for a pair of shoes is twice as much as it was in the prewar years?

Mr. LITTLE. And my investment and expenses have certainly kept pace with it.

Mr. MILLER. Then you answer that question in the affirmative?

Mr. LITTLE. Let me think. I am not as good on figures as I am on shoes. I can show you our gross figures. They would have to be doubled, would they not, if we applied a percentage of mark-up to a \$5 product and then applied that same percentage to a \$10 product?

Mr. MILLER. That is what I wanted to bring out. Is it a fact that you have handled more shoes and done a larger business over the last five years?

Mr. LITTLE. No; the growth of our business came pretty steadily until these numerous war workers came to town.

Mr. MILLER. It has increased in dollars and cents?

Mr. LITTLE. Oh, yes.

Mr. MILLER. Due to what?

Mr. LITTLE. Due to the increased cost of the product with our regular mark-up applied to it.

Mr. MILLER. Due to the higher prices?

Mr. LITTLE. Yes. This seems to be the foundation of all this thing that you gentlemen are trying to solve for the public. Parties from the Treasury came in and said "We are inclined to believe, in the shoe business, that a dollar is worth about 30 cents." I said, "It will not take me two minutes to show you that it is worth 50 and better."

Here is a \$6 product [indicating]. Here is an \$18 product [indicating].

I have another pretty one [producing another shoe]. We sell these like we used to sell Congress gaiters. They can not come in fast enough. Every one of these, gentlemen, come in by mail. Express is not fast enough. Parcels post saves the day.

(Shoe exhibited was a cloth-of-silver evening slipper.)

Chairman BALL. The statement has been made that we have heard dealers handling only the highest class of shoes, the fancy-grade shoes; that it is not fair to those interested in the shoe industry that those figures go out with no statement from dealers in the lower grades of shoes as to what their profit is, etc. There are some gentlemen here who would like to testify just briefly with regard to the cheaper grades of shoes, the prices, and the profit on those shoes. Now, we will hear Mr. Hahn.

TESTIMONY OF MR. EDWIN HAHN.

(The witness was duly sworn by Chairman Ball.)

Mr. HAHN. I am not prepared to make a statement, Mr. Chairman.

Chairman BALL. We will ask you to file your statement with the committee and it will become a part of the printed report and go to the public. Make your statements under oath, of course, and file them with the committee. It will be the same as if it had been submitted to the open committee.

Mr. HAHN. I can get it on the 'phone and give it to you right now.

Chairman BALL. I would rather have it filed in writing.

(The statement referred to was subsequently submitted and is here printed in full, as follows:)

WASHINGTON, D. C., September 16, 1919.

HON. L. HEISLER BALL,

Chairman Subcommittee on High Cost

of Living in the District of Columbia,

United States Senate.

DEAR SIR: In compliance with the request of your committee, before whom I was sworn this day, I beg to submit herewith data relative to the business done by William Hahn & Co., which shows our net profits to be as follows:

Percentage of profit.

1916-----	8.35
1917-----	7.38
1918-----	6.17

These figures do not take into consideration expenditures for improvements to buildings and store fixtures nor income and profit taxes. Deducting these items, our net percentage of profit for the year 1918 would be reduced to 2.1 per cent.

Year.	Gross sales.	Net profit.	Percentage of profit.
1916.....	\$465,572.88	\$38,819.17	8.35
1917.....	552,665.85	40,807.01	7.38
1918.....	890,162.76	54,954.71	6.17

WILLIAM HAHN & Co.,
By WILLIAM HAHN,
Vice President.

Witness excused.

Chairman BALL. This closes the hearings on food and wearing apparel. The committee is going over the testimony very carefully and will make its report to the full committee, and see what legislation can be recommended.

(Whereupon, at 12 o'clock noon, the hearings adjourned subject to the call of the chairman.)

HIGH COST OF LIVING IN THE DISTRICT OF COLUMBIA.

DECEMBER 8 (Calendar Day December 9), 1919.—Ordered to be printed.

Mr. SHERMAN, from the Committee on the District of Columbia,
submitted the following

REPORT.

[Pursuant to S. Res. 150.]

The Committee on the District of Columbia, who were directed by a Senate resolution of July 15, 1919, to inquire into the question of prices, rents, or related subjects in the District of Columbia, and to report to the Senate thereon, have concluded their investigation as to rents, and on September 11, reported a bill (S. 2992) to create a rent commission in the District of Columbia, to the Senate, which was subsequently passed as an amendment to the food-control act, and has now been presented to the President of the United States for approval.

The following summary includes a review of the investigation made by and testimony presented to the subcommittee of the District of Columbia Committee of the Senate, which inquired into the high cost of living in Washington, and a summarization of the proposals made to ameliorate the present conditions.

It touches only upon the features of the testimony which are of value in determining whether the distribution of foodstuffs in the District of Columbia can be facilitated or improved, and whether profiteering, on a basis of a study of capitalization, volume of business, and net profits, exists. There is no reference to the various prices given by various witnesses through the entire course of the investigation, because of the practical impossibility of reducing these prices to any basis which would permit of an analytical study. A report on the rent situation is included.

Producers, distributors, and consumers gave testimony and their examination by the committee was supported by an independent investigation which served to supplement the facts developed at the hearings.

1. SALE OF FARMERS' PRODUCE IN DISTRICT OF COLUMBIA.

Nearly all the farm produce sold in Washington and grown within a radius of 25 miles is sold and disposed of by the growers at the

farmers' produce market. Some farmers, principally those who produce on a limited scale, sell directly to consumers and do not avail themselves of a place in the market, merely backing their wagons or trucks up alongside the curb in the vicinity of the Center Market and selling foods in small quantities. But in the total volume of produce sold in Washington, these producers who sell at retail represent an almost negligible proportion. The bulk of farm produce grown in the vicinity of Washington is sold in gross at the farmers' produce market.

THE FARMERS' MARKET.

This market is located on B Street, between Tenth and Twelfth Streets NW. It is built and is owned by the District government. It is administered and managed by the bureau of weights, measures, and markets of the District government, which is represented by a market master, who maintains an office and is in daily attendance at the market. The establishment consists of three long sheds which afford shelter to the trucks and wagons of the farmers.

At the beginning of each year, farmers who desire to use this market during the coming year make application for space, specifying the days of the week and months of the year they desire to occupy same. A nominal fee of 20 cents per day is charged for the use of one space, and it is allotted with the understanding that the farmer will only sell produce of his own raising. There is no overcrowding at the market, and up to the present time the market master has been able to accommodate all persons who have made application for space. On an average busy day in the busy season the number of producers using the market is generally about 420.

THE PRODUCE FARMERS.

The produce farmers who use this market come from within a radius of 25 miles, from Virginia, Maryland, and the District of Columbia. At the present time a majority of them own motor trucks with which they bring their goods to market, and those who do not have motors use horses and wagons. They leave their homes early in the morning—shortly after midnight—and arrive at the market from 2 o'clock on until 4.30 a. m. At the latter hour the market is open and the sale of goods is begun.

THE PURCHASERS.

An impression seems to prevail that this market is most generally resorted to by the consumer, and that the farmers who bring their produce in here sell directly to the consumer, thus doing away with a commission merchant's, or middleman's, profit. But such is not the case. There are no municipal or market regulations saying to whom the farmer shall sell—they may sell to anybody—but in reality the bulk of their goods goes in gross, at wholesale prices, to hucksters, hotels, boarding houses, clubs, and even to commission merchants, who sell it, in turn, to retail grocers, who dispose of it to the consumer.

There are a number of reasons why the farmers prefer to sell in bulk at wholesale prices, rather than dispose of their goods in small

lots at retail prices. The principal reason is the saving in time. A truck load of produce can be disposed of much more quickly when sold by the barrel or bushel than when sold by the pound or dozen. Disposing of their produce quickly, the farmers are enabled to get away from the market and started for home, many of them, before noon.

Many of the farmers, too, have an aversion to selling to the retail trade. "I, for one, would not sell a dollar's worth to the consumer," said L. D. Cassard, a produce farmer who appeared before the committee (see p. 383 of the record). "If I had a friend I would give him something, but I would not sell it to him, because it is not the proper thing to do. It is a wholesale market." But the market-master testified: "They can sell to anybody they care to. There is no restriction at all. They (the farmers) do a retail business, too. They can sell retail or wholesale, by the wagonload, one dozen eggs, two dozen eggs, or a coop of chickens—anything they please." (See p. 407 of the record.)

There can be no doubt that a great injustice is done the consuming public by the policy of the farmers in discouraging retail trade, and one of the first purposes of the market is thereby defeated.

It appears from the hearings that the produce farmer who devotes his time exclusively, or nearly so, to such business does not wish to do a retail business in most instances. It is only the farmer who produces a comparatively small quantity that sells directly to the consumer. The bulk of such food products reach the general market through wholesalers and commission men. It is the belief of the committee that legislation alone can not affect this condition. It seems to be grounded upon a settled preference of the producer to save time, to secure known market prices or a fair estimate on market conditions and a lack of desire to enter into relations with the required number of consumers necessary to dispose of their products. The agitation designed to bring the producer and consumer into direct communication so as to avoid the intervention of intermediary agencies does not seem to have accomplished all the desired purposes. The constant tendency appeared to be to gravitate back to the system of wholesaling with from one to two or more agencies between the producer and ultimate consumer. It seems to be a matter that will continue to rest in the decision of the producer and the consumer beyond the reach of legislation alone.

Public opinion is the only means by which the change can be effected in all probability. The charges of middlemen and their methods of doing business may be subjects of remedial legislation with resulting benefit but the voluntary arrangements by which a producer chooses to dispose of his product can not be forbidden by legislation. The only remedy is a better way as a substitute which will on its merits be adopted by the producer and consumer both. Publicity by associations of consumers and an attempt to bring the producer and the great body of the consumers together may be promoted through the post office, motor truck delivery, and advertising. The parcels post is an agency which admits of much more general use for this purpose than at present employed. The committee urges upon the public who wish to dispense with the great number adding to their charges for the intervening handling to avail themselves of this opportunity. This rests in the public

initiative. The producer, we have no doubt, would sell directly to such consumers if it were made attractive to him. He will not now take the time and trouble with the resulting expense of searching out and meeting the wants of the retail consumer.

We recommend to the Bureau of Markets the suggestions of E. A. Calvin in publicity and listing producers and purchasers so as to enable them to reach each other directly.

This plan was presented by E. A. Calvin, and can best be shown in his own words:

I would like to see the Bureau of Markets establish an information bureau to gather figures from all parts of the country, showing what the farmers are receiving for their commodities. I would publish these figures in an intelligible form, and I would distribute them among the city women's clubs, the labor unions, and the farmers' organizations throughout the country. If they would do this, the people themselves would settle the question of "profiteering."

DETERMINATION OF PRICES.

Without exception, farmers who sell produce on this market, claim the law of supply and demand as the determining factor in the fixing of prices. There is no association among the farmers for price fixing. That much seems certain.

"The price is fixed by the market," said one farmer before the committee. (See p. 387 of the record.) "If I go in there Saturday morning about 2 o'clock, I will see some of my friends there and I will say, 'What is corn bringing this morning?' They might say that there is a pretty good bulk of it on the market and they are offered only 30 cents. You can either sell at 30 cents, at the price they offer, or you can keep it, just as you please. It is the same way with everything else. There is no obligation attached to it in any way."

Every farmer interviewed by agents told the same story. Supply and demand is the one feature they mention. It should be brought out, however, that the farmers' produce market is in close proximity to the commission merchants' places of business (in the next block). The volume of business done by the commission houses is so much greater than that done at the farmers' market that the prices on the latter are more or less dictated by prices on the former.

District of Columbia officials estimate volume of business done at farmers' produce market during past year at approximately \$1,000,000; W. H. Harrison, a commission merchant, did a volume of business in 1918 of \$1,183,000 (see p. 425 of the record), and that represents only one of the many commission houses.

LABOR CONDITIONS.

Farmers interviewed by agents and heard by the committee are almost unanimously of the opinion that present prices of farm produce are high because of two elements: (1) High wages paid to farm helpers, whenever such helpers are available, and (2) Curtailment of production due to labor shortage. George Thorne, a farmer, testifying before the committee, stated that were it not for his sons who work on the farm with him, he would be compelled to sell out. (See p. 447 of the record.) A number of producers interviewed by investigators, particularly farmers whose places are in Maryland

and Virginia, state that because of the shortage of labor they have been forced to let certain fields go uncultivated, thus reducing the total output of their farms. Day labor is paid at the rate of \$3.50 to \$4 per day; all extra labor getting \$4. (See p. 388 of the record.) "Labor costs have more than doubled on my farm in three years," said Dr. Harvey W. Wiley before the committee. (See p. 551 of the record.)

The labor conditions indicated on the hearings are such as must be relieved in the opinion of the committee by a change in general industrial and labor conditions. A considerable part of what has heretofore been farm labor has been attracted by higher pay, fewer hours and supposedly more desirable conditions to other lines of employment. Until these circumstances relax it is not believed any considerable number of men will return to farm work unless an aroused public opinion impresses upon all the sovereign necessity of increasing food production. The very large demands made in the domestic and foreign markets for American food products imperatively suggest an increase in production if any desired relief in food cost is to be had. Farmers can not under present conditions be expected to contribute more to production or lower prices.

FARMERS' PROFITS.

One of the farmers who appeared before the committee, Mr. L. D. Cassard, stated that he had \$25,000 invested in his farm, that his gross profits last year were about \$12,500, or 50 per cent, that he paid out in wages about \$5,500 during the year, and that he estimated his net profit at about 15 per cent, including no salary deduction for himself in his operating expenses.

2. FARMERS' BROKERS.

There are about five farmers' brokers operating in Washington. These brokers solicit accounts with shippers throughout the country who quote prices in commodities. The broker then arranges a sale with local wholesale dealers, after which he receives a commission from the original shipper.

I am supposed to be a broker, said Mr. T. C. Howard, before the committee in outlining his method of business. I go to Golden & Co. and they ask me the price on potatoes. They give me an order, and I execute that order for Golden & Co. and wire it to my shippers. The order will be confirmed or not confirmed, and I confirm it to Golden, but I buy nothing and sell nothing on my own account. We simply execute the orders given by the wholesale dealers.

One of these brokers who testified before the committee, Mr. F. J. Davidson, Jr., stated that he had no capital invested in his business; that his main expenses were for telegrams and telephone messages and office, a total of about \$4,000 during the past year, and that his net profits during the year were \$6,100.

These brokers have connections with producers and wholesalers in all parts of the United States. Senator Capper, interrogating one of the brokers, stated the case as follows:

As I understand it, a farmer sells his potatoes to a local commission man in his town; then the commission man in that town sells to a wholesaler in the principal distributing center of that State; then you [the broker] buy

from that wholesaler; that is, you sell for him, and then you sell to a wholesaler here and the wholesaler here sells to the huckster, and the huckster sells to the Government employee or the citizen here in the city. It passes through about six hands and they all take a slice at it.

3. PRODUCE COMMISSION MERCHANTS.

The business of the produce commission merchants of Center Market is on a dual basis—part of it is outright purchase from farmers who bring their produce to market and part of it is virtually a brokerage business—selling produce shipped by farmers who are at a distance from Washington on a 10 per cent commission basis.

The testimony of the commission merchants is serviceable chiefly as affording a comparative study of the relation between their capital, their volume of business, and their net profits. A representative commission man gave the committee this statement, giving compactly the growth of his business and his profits in the past few years:

Year.	Volume of business.	Gross profits.	Expenses.	Net profits.
1914.....	\$204,541.29	\$33,783.04	\$25,051.65	\$8,731.39
1915.....	220,766.89	35,098.55	26,304.44	8,794.11
1916.....	342,375.67	46,667.57	31,756.55	14,911.02
1917.....	628,490.12	84,648.44	58,961.95	25,686.49
1918.....	1,183,287.44	115,925.42	87,550.02	28,375.40
1919.....	600,045.45	62,564.68	45,756.85	16,807.83

Year.	Per cent of gross profit on gross sales.	Per cent of net profit on gross sales.	Year.	Per cent of gross profit on gross sales.	Per cent of net profit on gross sales.
1914.....	16½	4½	1917.....	13½	4½
1915.....	15½	4	1918.....	9½	2½
1916.....	15½	4½	1919.....	10½	2½

* Out of the net earnings for 1917 there was paid \$11,412.08 income tax.

* Out of the net earnings for 1918 there was paid \$13,549.33 income tax.

* Six months ending June 30.

Some of the commission merchants show large net profits in relation to their actual invested capital; others show a surprisingly small return. For instance, William G. Carter, president of Golden & Co., stated that his firm had a capitalization of \$500,000 yet its net profits for 1918 were only \$23,349.

The commission market when originally established was within a block of the old Pennsylvania Railroad Station, and therefore in a strategic location, so far as getting produce shipped by railroad was concerned. Now, of course, it is more than a mile from the freight yards, and this, of course, involves an economic waste in drayage charges running up into thousands of dollars annually.

The handling of perishable produce naturally has a speculative side, and improper packing and bad refrigeration are two sources of loss for which the consumer foots the bill.

Shippers' and growers' associations, such as the Florida Citrus Association, are developing their trade with the local commission men rapidly. Their prices are generally higher than those offered by

independent brokers, but this fact is offset by the fact that they have adopted standards of quality, guarantee adequate packing by the shippers, and undertake to adjust any claims or disputes between the commission merchants and their members. A number of the larger commission houses here, such as Golden & Co., have agents working on a commission basis in various producing centers. The commission men themselves say that this system of purchasing is wasteful and uneconomic, and are anxious that some better plan of marketing be devised.

4. WHOLESALE GROCERS.

The testimony of the wholesale grocers indicated a low level of net profits in relation to the capital invested and the gross volume of business done. B. B. Earnshaw testified that with gross sales of \$1,116,995 in 1918, he made a net profit of \$20,676. In 1915, with gross sales of \$611,000, his net profits were \$10,165; they increased slightly in 1916, and in 1917, with gross sales of \$789,321, the net profits were \$28,567. Mr. Earnshaw stated to the committee that his lower profits in 1918 on a large volume of business probably was due to regulation of the Food Administration. In this instance 1.85 per cent on the gross volume of sales is shown, which is not believed to show an undue profit.

So far as the statistics supplied the committee are concerned, it is difficult to trace any consistent trend of increasing net profits that would apply to all of them. The Earnshaw profits were considerably larger in 1917 than in 1918, whereas J. E. Baines, wholesale coffee merchant, showed nearly a 30 per cent jump in profits in 1918 over 1917, and in the case of the John H. Wilkins Co., its net profits showed more than a 50 per cent jump in 1918 over 1917. It should be stated, however, that the net profits of the Wilkins Co. are exceedingly low—with a capitalization of \$200,000, the company reported gross sales in 1917 of \$800,000, and net profits of \$8,000; and in 1918 gross sales of \$1,500,000 and net profits of \$13,000.

The coffee wholesalers attributed the present high price of coffee to the shortage of the crop and manipulation by dealers in Brazil.

5. MEAT PACKERS.

Representatives of the so-called Big Five packing companies responded promptly to the request of the committee for information and data regarding the amount of business done and profits made in Washington. Each element of cost from the time the cattle were purchased on the hoof until they were sold to the retail dealer in Washington was submitted at the hearings. These representatives said that the great bulk of the meat supply for the city of Washington comes from their western packing houses and is disposed of through 632 retail dealers here, about 30 of which are located in Center Market. Armour & Co.'s local agent stated that his firm did an annual business of from \$4,000,000 to \$5,000,000. Swift and Co. transact about the same volume; Wilson & Co., \$3,000,000; Morris & Co. between \$3,000,000 and \$4,000,000, and Cudahy & Co. between \$1,000,000 and \$2,000,000.

Meat in carload lots is shipped from Chicago and other western points to the local branch houses in Washington of the five larger

packers. The local manager to each of these packing houses endeavors to sell each week's shipment before the end of that week. It is the policy or fixed rule of each firm to dispose of all fresh meats and carry over nothing from one week to the next. This is to prevent an accumulation of stocks and thereby permit the consuming public to use the products while in prime condition.

The local manager for Swift & Co. stated that his branch house had a capacity for only about half of the average week's demand. The beef arrives in Washington from seven to ten days after the animals have been killed at the slaughtering houses in the West. Local retailers have no facilities for holding meat in cold storage, and, from an economic standpoint, they should dispose of it in from seven to eight days after receiving it. Otherwise, shrinkage and deterioration will reduce values. In actual practice the period, then, that elapses from the time the live cattle reach the stockyards until the meat is on the consumer's table in Washington is on an average about 15 to 20 days.

For the past two years there has been in the Washington market a growing demand for the very best grades of meat, the local managers testify. They claim great difficulty in trying to dispose of the cheaper grades of meat in this city.

Wilson & Co. submitted a statement showing the cost of operation per dollar of sales in Washington from January to July, 1919. The figures show a fluctuation from month to month, being \$0.0404 in February and \$0.0291 in April.

Swift & Co. entered in the records a statement of current expenses at the Washington branch house for the week ending July 26, 1919. The volume of business in that week was 340,074 pounds of meat; total current expenses were \$2,116.67, an average expense of 63 cents per hundredweight. Pay-roll and extra-labor costs represent a little more than one-half of the total current expenses.

Data on the wholesale meat prices in Washington as compared with three other cities (New York, Philadelphia, and Chicago) from 1914 to 1918, inclusive, were presented in tabular form by Swift & Co. The statement showed that the average wholesale prices received in Washington by this firm rose from \$12.19 in 1914 to \$18.41 in 1918, an increase of 47 per cent in four years. There was a proportionate increase also in the prices paid for the live animals during that period. In 1918 the average wholesale price was higher in Washington than in any other of the cities for which figures were presented, while in 1916 the prices were lower than in either New York or Philadelphia. Swift & Co.'s statement shows that, figuring on a per head basis, the profits at the Washington branch house for the five weeks ending August 2, 1919, were $\frac{1}{10}$ of 1 per cent of the total proceeds.

The representatives of Wilson & Co. and Armour & Co. presented statements showing their profits last year. The other packers' representatives heard testified to their profits based on both the property and the capital investment and the gross volume of sales or turnover of the business. Such hearings show that the Food Administration limited the packers' earnings to 9 per cent on invested capital and surplus in meat food lines. The last year in meat products the packers made 5.6 per cent on capital invested and 1.6 per cent on the turnover on an average. There is a small variation. Morris

& Co. show they made about 1½ per cent on their gross volume of business done, or the turnover, as it is commonly expressed. Wilson & Co.'s representatives stated that they had shown substantial losses in Washington up to July 5, 1919.

The so-called Big Five packers not only furnished all of the data requested but invited the committee to have their books audited by any competent expert accountants.

6. RETAIL GROCERS AND MEAT DEALERS.

RETAIL MEAT DEALERS.

The economic operation involved in retailing meat in Center Market is so simple that practically the entire inquiry as to their business can be directed along two lines:

Whether their net profits are disproportionate to the amount of capital necessary to conduct business; and whether the amount of waste per carcass of beef, or in whatever other unit they purchase from the packers, justifies the price per pound they charge for the best cuts.

The testimony was specific on the former point, but contributed little or no light on the latter. James A. Head has a capitalization of \$12,000; he made \$8,000 in net profits last year, not including a charge of \$70 a week as salary for himself. William F. Miller, not keeping any books, did not know what capital he had invested, but made \$3,000 in net profits in five months last year. Lowe Counsellmann started in business eight years ago with \$500 capital and made \$5,670 in net profits last year.

The only comparative study of wholesale and retail meat prices given to the committee—that is, a study showing a relation between the wholesale and retail units, was given by a retail dealer, W. R. de Graffenreid. This follows:

Hindquarter of beef, 107 pounds at 20 cents per pound	\$21.40
Porterhouse and sirloin, 35 pounds at 35 cents per pound	12.25
Top of round, 12½ pounds at 45 cents per pound	5.63
Bottom round, 11 pounds at 35 cents per pound	3.85
Rump or bouillon, 8 pounds at 30 cents per pound	2.40
Chuck roast, 3½ pounds at 28 cents per pound	.98
Sirloin tip, 8 pounds at 42 cents per pound	3.36
Hamburg steak, 3½ pounds at 25 cents per pound	.82
Flank steak, 1 pound 10 ounces at 35c per pound	.59
Flank soup meat, 4½ pounds at 20 cents per pound	.95
Kidney, 1 pound 6 ounces	\$0.25
Suet, 3 pounds at 6 cents per pound	.18
Bone, 14½ pounds at ¾-cent per pound	.11
Total, 106½ pounds, gross	31.37
Cost	21.40
Net profit	9.97

On the subject of wastage, James A. Head testified (record, p. 381): "Last week I bought a loin of beef and brought it into my place from Armour & Co. and had it trimmed. I had an outside butcher trim it and an outside man weigh the trimmings. There were 8 pounds off that loin, that I get 18 cents for and 6 pounds that I get 10 cents a pound for. The loin laid down on the bench ready to be cut stood me 44½ cents a pound.

In general, the retailers confirmed the testimony of the packers as to wholesale prices. Retail dealers uniformly stated that their prices were due to their increased overhead expense, to the fact that the public is insisting on getting the "best cuts" of the meat and refusing to purchase the cheaper cuts, and to the high percentage of waste meat in every carcass or side of beef they purchase.

The retail meat dealers show varying profits on the beef handled. In one instance the capital of \$12,000 earned a net profit of 66½ per cent. In another a business started eight years ago with \$500 capital made last year \$5,670 in net profits. This dealer has no special amount of capital in the business; he carries a bank account which is all invested in the business. He buys from day to day and pays his bills weekly. He deducts all the costs of help, delivery service, and other expenses in the foregoing profits. The per cent on the property investment is difficult to estimate on such a business. It would be manifestly unfair to compute it on a \$500 basis, but it appears that such a retail dealer is making a large margin of profit on meat. The only suggestions to reduce prices made by such witnesses is to buy the meat cheaper if the prices of help and other expenses remain as they now are.

It would seem from the evidence as presented to us in the hearings that the retail meat dealers for cutting, handling, and delivering to the consumer receive a greater per cent profit than the farmer, live-stock raiser, buyer, railways, commission men, and cold storage and packer combined.

RETAIL GROCERS.

There are 1,167 retail grocery stores in Washington, including the three groups of chain stores—the Old Dutch Market, the Sanitary Grocery Co., and the Atlantic & Pacific Tea Co. A number of retailers were examined by the committee, the testimony mainly concerning itself with the citation of specific retail prices. This testimony in general showed that retail dealers were not only getting a higher absolute price for their goods because of the higher level prevailing through all the processes of production and distribution, but were asking and getting larger margins in their profits because of their increased overhead expenses.

The chain stores are assuming increasing importance in the retail grocery business in Washington, the Sanitary Grocery Co. alone having 116 stores. The Sanitary had a total volume of sales of \$5,034,451.25 in 1917, and a net profit of 5.9 per cent. The other chain stores here have shown steady progress in the past 10 years. Through joint purchasing and the elimination of overhead expense in the way of delivery, etc., they are enabled to sell considerably lower than their individual competitors.

That the chain stores may absorb so large a share of the retail business in Washington as to threaten a monopoly, with consequent dictation of prices, was a fear expressed more than once in the testimony. The general answer to questions along this line was that the vast bulk of the retail grocery trade in Washington will always be based upon individual service and the delivery system, and that the chain stores already are nearing the peak point of their possible development.

So far as the mounting cycle of overhead expenses among retailers is concerned, the testimony made it clear that the individual consumer can do nothing to lessen the waste which the present system of delivery and personal service involves. If the housewife goes to the store and takes her purchases home in a market basket she pays the same price as the housewife who has a man call at her door for her morning order and has her purchase delivered in an expensive automobile. If she pays cash she pays the same price as the housewife who has a long-standing charge account, and owing to the psychology of the situation is not likely to get as good service as the latter.

There is no way of lessening the waste, there is no incentive to lessen the waste, under the present system. The retailers themselves, in their testimony, never revealed any willingness to take the initiative in making service a charge in itself, independent of the goods which were sold. Whether this is because of the extra and more scientific bookkeeping which it would entail, or because it would result in a closer public scrutiny of their business methods and the prices they charge, it is impossible to say. The retail grocer to-day is in a position of antagonism to the thrifty housewife. She is forced either to patronize the chain stores or go to the nearest market house if she is actually to profit by her willingness to relieve the retailer of what he claims to be one of the major elements of his overhead expense and consequently of the high prices he is forced to charge.

Without a protracted study, there is no way of standardizing or tabulating retail prices on a comparative basis. It is clear that the differential between wholesale and retail prices is very large at the present time, and shows no evidence of decreasing. Retail prices frequently are 200 to 300 per cent higher than the wholesale; there has been no check until recently of the tendency to charge all "that the traffic will bear," and the psychology of the public similarly has been all in the direction of accepting almost any price rather than to curtail the consumption of goods.

Some of the chief difficulties in the way of reaching any basis for an inquiry about profiteering among the retailers are:

The purchase of bulk goods in fractional parts of the unit of measurement.

The wide variation in weights of loaves of bread of the same kind and price.

The difficulty in making comparison of the prices charged by merchants for the different cuts of meat on account of handling different grades.

The lack of standardization of food containers.

The lack of markings on cold-storage goods.

Regarding the earnings of retailers, all of the testimony showed that they were making an excellent return on their capital invested at the present time, when the high-price levels of 1918 are being sustained, and the volume of business has contracted only to a small extent.

The hearings disclosed there are 1,167 retail grocers in Washington. These retail stores serve a population of 450,000 or 500,000 people. The committee desire to emphasize the necessity for the purchasing consumer to obtain prompt service when marketing to supply his wants. The number of such grocers can not well be regulated by law. While possibly the trade has more dealers than are

... a matter of economic
 ... grocer can not profitably
 ... How many can remain in
 ... the capacity of the com-
 ... found. It is a matter of
 ... the sale of surplus Govern-
 ... the convenience often lost
 ... the public. The large number
 ... sales point show the time lost
 ... turn to buy from the Gov-
 ... retail accommodations to
 ... the 1,167 grocers would incur
 ... estimate, but running, it must be

DISTRIBUTION.

... District of Columbia officials that the
 ... cream, and buttermilk in the city
 ... 28,000 gallons. About one-fourth
 ... sumers by Geo. M. Oyster, jr., who
 ... of 14,000 families. There are two
 ... extensive business, and the remainder
 ... dealers.

DEPARTMENT REQUIREMENTS.

... earning milk supply are said to be more
 ... than in any other city of the country.
 ... two kinds—one, that no milk containing
 ... fat may be brought into the city; the
 ... standard of sanitation and cleanliness at
 ... the milk supply comes from dairy farms
 ... the District of Columbia government, but
 ... Health Department are enforced by refusing
 ... producers to sell their product within the
 ... This results in inspectors being detailed to
 ... dairies in adjoining States for purpose of

... production of milk under certain regulations, testi-
 ... before the committee (see page 557 of the Record),
 ... as they go, are excellent, in my opinion, and neces-
 ... tuberculin test, so that the milk that comes here may be
 ... They also provide for sanitary inspection frequently,
 ... months and sometimes oftener. The inspector of the Dis-
 ... gives you any notice either—he just comes when he likes
 ... everything. There are about 40 points. The only thing
 ... is that it provides no penalty for an unsanitary con-

... of milk dealers in Washington have a sliding scale of
 ... for milk, based on the quality of the milk (as indicated
 ... percentage of butter fat) and the sanitary rating given the
 ... establishments.

... Milk dealers in the city, when interviewed by agents of the com-
 ... were of the opinion that the operation of the sanitary law
 ... absolutely successful—that it might, in a measure, be respon-
 ... for the high price of milk, but that it assured consumers of a

product as nearly perfect as it is possible to get. Yet when Dr. Harvey W. Wiley was before the committee, he made the following statement (see p. 557 of the record):

It was an open fact that many dealers did bring into the city large quantities of uninspected milk during the last year and tried to undersell and break down the prices which the farmers were getting who had subjected themselves to this rigid inspection which I considered extremely unfair. The health officer of the city brought a suit against one of these men. On some technical point, the judge instructed the jury to acquit him. So he was not made to pay any penalty. They can not even revoke the license of a man who brings uninspected milk into the city, but you can revoke the license of a dairyman who does not obey the sanitary law and the laws in regard to testing his cattle; that is, the present law is more lenient to the distributor here than it is to the farmer who produces the milk.

Mr. Herman E. Gasch, president of the Bellevue Dairy Farms Co., Hyattsville, Md., testifying before the committee (see p. 487 of the record), said:

The milk situation here is not intelligently dealt with. Milk is not graded. I can only hope that this committee will see the force of that point, that the city of Washington should be counted among other cities in the fortune of having a law that would require so very important a food product as milk to be graded, in order to show what you are getting.

"I think Washington has the best milk supply in the United States," said Dr. Wiley, when asked how the supply here compared with that of other cities (see p. 558 of the record).

SOURCES OF SUPPLY.

Washington's milk supply comes from dairies located in Maryland, Virginia, and a few in West Virginia. Practically all of the Virginia and West Virginia producers ship milk directly to Washington. Prices quoted in contracts with these producers are f. o. b. Washington, the producer paying the freight, which averages from 2½ cents to 3 cents per gallon to Washington from most points where the shippers are located.

Some of the Washington dealers have opened receiving stations for dairy products in Maryland. This was done because it was found that a greater supply could be secured if the producer did not have the expense and trouble of shipping to Washington. At these receiving houses the milk is placed in iced rooms and prepared for shipment to this city.

As representative of the sources of supply, the following figures of George M. Oyster, jr., may be quoted: Has contracts with 298 dairy farmers, of whom 100 are located in Virginia, 1 in West Virginia, 1 in Pennsylvania, and 196 in Maryland.

COSTS OF PRODUCTION.

Labor costs have doubled in the past two years, as well as all other items that enter into production costs, according to producers. All kinds of cans and machinery, concentrated foods, and supplies of all descriptions have advanced in price, said Dr. Wiley before the committee (see p. 552 of the record), who added:

Cotton seed has gone up about 3 per cent. I have bought before the war, by the carload, cotton seed for \$21 a ton and paid the freight on it. Last October I paid \$52 a ton and \$6 freight. To-day it is quoted at \$80 a ton f. o. b. Richmond.

EARNINGS OF PRODUCERS.

Dr. Wiley stated that he had \$30,000 invested in his dairy establishment, not including the value of the land, and that his profits last year were \$2,800.

The Bellevue Dairy Farms Co., with a paid-up capital of \$40,000, had net earnings last year of \$3,000.

DETERMINATION OF WHOLESALE PRICES.

The price which the producer receives for his milk is determined largely by the Maryland and Virginia Milk Producers' Association. This organization is composed of about 700 members, all of whom are milk producers living in Maryland or Virginia, and whose milk products and establishments have passed the tests required by the District of Columbia Health Department.

Twice each year, in September and April, the committee, or board of directors of the association hold a meeting, at which they determine a scale of prices for milk products. Discussing this price fixing, the secretary of the association, Mr. Y. E. Booker, jr., says the object is to determine a fair price for milk. The producers realize, he says, that overcharging is undesirable, because it will result in a decrease in consumption, which, from the standpoint of the producer, is not to be desired. In seasons when the milk supply is not sufficient to supply the wants of the city the association undertakes to stimulate production.

Prof. I. C. Weld, representing George M. Oyster, jr., stated to an investigator of the committee that he has never had occasion to question the fairness of prices as determined by the association of milk dealers.

Dr. Harvey W. Wiley, before the committee, in discussing the methods whereby the association, of which he is a member, determines milk prices (see p. 492 of the record), said:

The executive committee of the association gets together two or three times a year, whenever there is to be a change in prices, and they figure up the cost of production. Then they add a fair margin of profit to the cost of production, what they consider a fair margin of profit. Then they recommend to the members that they abide by those prices, but it is not obligatory on anybody. For instance, I get a higher price than they recommend considerably. If a man sells at a lower price there is no penalty whatever.

There is one dairy firm in Washington which endeavors to ignore the Maryland-Virginia association. This concern, the Walker-Hill Dairy Co., enters into individual contracts with the farmers from whom it buys milk, but a standard price generally prevails at any given time. In the middle of August, 1919, this company was paying dairy farmers 28 and 29 cents per gallon for milk.

CONTRACTS.

George M. Oyster, jr., probably does a larger business with milk producers, per contract, than any other Washington dealer. These contracts are entered into twice a year and regulate prices for the ensuing six months. The Bellevue Farms Dairy Co. also sells milk

per contract. When before the committee (see p. 486 of the record) Mr. Gasch was questioned and answered as follows:

Senator CAPPER. You spoke of a contract being made. How long did it tie you up for?

Mr. GASCH. As I remember it, it was up to the 1st of October.

Senator CAPPER. When was it made?

Mr. GASCH. Three or four months ago.

Senator CAPPER. The contract specified the price?

Mr. GASCH. Yes, sir.

Senator CAPPER. You could not change that price until October?

Mr. GASCH. No, sir.

Senator CAPPER. Regardless of what the price might be?

Mr. GASCH. Absolutely, sir. We make a business contract, and we are responsible people.

RETAIL PRICES.

Local milk dealers determine the retail price that shall be paid by the consumers. When questioned as to the methods employed the dealers all say that they add to the base cost and all overhead costs a reasonable profit.

Dr. Wiley, when before the committee, made the following statement (see p. 552 of the record):

Whenever we (i. e. the milk producers) get a higher price for milk the consumer pays just double what we get. If we get a cent a gallon more the consumer pays 2 cents a gallon more, and the last increase that our members got, of 2 cents for July and August, they immediately put 1 cent a quart on all milk they sold, just doubled the price, so that when we get a higher price the consumer gets a proportionately high price, much more exaggerated than our own.

8. DISTRIBUTION OF FISH.

WASHINGTON FISH MARKET.

The Washington fish market, located at the foot of Eleventh Street, is the port of entry of practically all fish and sea foods received in the District. The market building is owned by District government and operated by it. Storerooms for persons or concerns dealing in the wholesale and retail fish business are maintained and rented, rentals being from \$45 to \$180 per month. A market master, who is appointed under the bureau of weights, measures, and markets of the District government, is in charge. This officer keeps a record of all business transacted and acts in a general supervisory capacity, but he has no authority over sales or the regulation of prices. There are about 15 or 20 wholesale fish dealers who have their places of business in this market and they represent about all such dealers in Washington. A general survey of the conditions, under which business is transacted, reveals a striking similarity in methods among all of the wholesale operators.

BUSINESS ARRANGEMENTS.

By arrangement with fish producers on the New Jersey coast, on the Capes, at points along Chesapeake Bay, and down the Potomac River, most firms receive consignments of fish to be sold either on a commission basis or the local firm buys the product outright. In nearly every instance the producers, with whom they deal, are persons or firms who have been doing business with them for a number of years, with whom they are acquainted—if not personally, at least

in an intimate business way. The consignment of fish will arrive either by railroad, express, or by the morning boat of the Washington & Norfolk Steamboat Co. If by the former, the fish will be delivered directly to the firm's place of business in the market; if by the steamboat company, it is necessary for the firm to send to the wharf for the goods. The fish are placed on sale immediately upon arrival at the fish market.

Up to this point the elements of cost entering into the transaction are the following: First, the amount of money the producer is to receive for the fish. This remains, in cases handled on a commission basis, an unknown quantity until the sale is actually consummated. Second, the transportation charge, either expressage or for steamboat freight, plus transportation to the market.

When the sale of fish begins a system of auctioneering is practiced. The commodity is bid in by prospective purchasers and is sold to the highest bidder. "The supply governs the price," testified R. H. White, of Evans & White, before the committee. (See p. 389 of the record.) "We sell practically all of the fish at auction. The retail dealers come down there at the wharf and at the different markets, and also some of these grocery stores sell fish too. We put up a certain grade of fish at auction, and they bid as far as they can afford, to make a profit on it for themselves. The highest bidder gets the fish."

"Everything is sold at auction," testified the market master of the fish wharf. "You might say that 60 per cent of the fish that comes into the city of Washington is handled by the hucksters; that is, different people who have wagons and take them out through different sections of the city for sale. The other 40 per cent is handled by the restaurants and the dealers in Center Market and Louisiana Avenue and the hotels. Supply determines the prices. If the supply is good, the price will drop. If there is a scarcity of fish, the price is going to go up."

The quantity and quality of fish for sale on the wholesale market on any given day is the determining factor. There may be a run of several days during which the fish drag in the river, bay, or in the ocean is very small and when that is the case, only a small quantity of fish is shipped. This tends to run up the price for that particular day. When the market is well supplied by the producers, prices are forced downward because of the extreme perishability of the produce and the necessity of disposing every day of the total amount on hand. Any fish carried over from one day to another may be counted on as a loss, for it will bring only a fraction of what it would have brought on the day it was received.

Producers of fish prefer to trade, of course, with the commission merchant who succeeds in getting the highest prices possible. When fish is carried from one day to another and sold, consequently, at a lower figure the producer becomes dissatisfied with the commission merchant and is likely to place his goods with another.

The fish having been sold, in the case of commission goods, another element of cost enters, in the form of the percentage which firms deduct as their share of the profits. This percentage is 10 per cent. It is deducted from the amount received. The freight or express charges and truckage charges are then deducted and the remainder is transmitted to the original producer.

PURCHASERS.

The principal purchasers of fish at the daily sales, or auctions, held at the market are retail storekeepers and hucksters. They represent the final link in the chain from the producer to the consumer.

A statement prepared by the market master shows that while the population of Washington has increased 150,000 since 1914, the quantity of fish sold through the market has decreased by more than 725,000 pounds.

9. COLD STORAGE.

Placing certain food products in cold storage during the most productive months, and disposing of them when fresh products are scarce, is not food hoarding, according to one witness before the committee.

"There is no hoarding of eggs," said Mr. Herbert C. Marshall, Assistant Chief of the Bureau of Markets, Department of Agriculture. "It is simply an accumulating of the supply for next winter's consumption." He added that there were, in July, something like seven and a half million cases of eggs (30 dozen to the case), and the supply will perhaps increase slightly, but in the fall, when the supplies of fresh eggs diminish, the quantity in storage will steadily decrease until by next March the reports will show none.

N. M. Barrett, formerly with the Federal Trade Commission, presented data gathered by the State Board of Agriculture of Illinois covering four staples, giving the amount in cold storage. It shows the following as the amount in the Chicago cold-storage houses: Beef, 88,000,000 pounds; pork, 70,517,000 pounds; butter, 7,893,000 pounds; eggs, 1,280,000 pounds.

Local cold storage is practically all in the hands of the Washington Market Co. The packers' agencies have refrigerator facilities sufficient for one week's supply of meat. The Washington Market Co. is capitalized at \$1,000,000. In 1918, its volume of business was \$425,541.91; its net earnings, \$53,365.19.

D. M. Faunce, a wholesale fish dealer, stated to an investigator for the committee that "small business" was not encouraged by the Market Co. and that it was very difficult to secure an allotment of small space in its storage house.

It seems proper for the committee to state that cold-storage warehouses have one essential public service in preserving what otherwise would waste. During the plentiful supply season in poultry, eggs, and vegetables, as well as fruits and other perishable food products, such surplus can be accumulated and kept comparatively fresh. The purpose of such cold-storage warehouses is therefore, in the first instance, preservative in its nature and adds to the food supply by saving a part of the season's production. Whether cold-storage products carried over to a scarcer season are sold at reasonable prices during the latter season is a matter related to price-fixing undertakings and a part of that problem. Those who have cold-storage facilities to rent to those desiring that service are clearly subject to regulation by law in charges. The Government, however, so far has not undertaken to furnish cold-storage facilities. This still continues a part of private enterprise. It is clearly necessary to the

retailer who handles perishable products. He must either furnish it himself or hire it from others. Those who are able to supply themselves with adequate cold-storage facilities have an advantage over those who can not.

10. RENTS AND HOUSING CONDITIONS.

STATEMENT.

The housing and rental problem in the District of Columbia has for more than a year and a half been recognized as extremely grave and has been the subject of extended discussion and proposed legislation in both houses of Congress, as well as newspaper and public comment.

The present shortage of housing facilities is not, of course, peculiar to this community, but is more or less general throughout the entire country, especially in the larger cities, notably New York, where vigorous methods were adopted by the municipal authorities to check profiteering in rents.

As a factor in the cost of living, the item of rent is of primary consideration, in many families being greater than either the items of food or clothing. This is especially true of the so-called "war workers," largely young people with small families, who have come to Washington and have been compelled to pay exorbitant rental charges, in some instances more than all the other items entering into the cost of living combined.

PREWAR CONDITIONS.

Housing facilities.—The testimony shows that prior to the unprecedented and rapid increase in population in the District, due to the influx of war workers, there were great numbers of houses and apartments vacant, and owners and agents were forced to advertise extensively. On this point Mr. Meany, rental agent for Stone & Fairfax, testified (record, p. 854), when asked what proportion of property controlled by this firm was vacant prior to the war, that he could not give the percentage, but that he could say they had one entire column of dwellings advertised for rent in the *Star*.

In many cases owners resorted to other means to secure tenants, as evidenced by the testimony of Capt. Peyser, Chief of the Housing and Health Division of the War Department (record, p. 806) who said that "prior to 1914 there were so many apartment houses that had apartments to rent, that a great many landlords encouraged women to rent these apartments, furnish them, and rent them as furnished apartments or furnished rooms."

Mr. Barrett, rental agent for the Alonzo Bliss properties, testified (record, p. 876) that as late as 1916 his firm had 9 per cent vacancies. Mr. T. Franklin Schneider, owner of the Cairo and several other apartment houses, in reply to a question as to why he had reduced his rents on certain apartments in 1910, said: "I had to to get anybody in there at all. The conditions here were such that we had to meet them and take what we could get * * *. In 1915 they [rental values] had been greatly depressed. 1910 was the low point. I have gradually got them up since 1915."

Mr. E. L. Finch, a tenant, testified (record, p. 687) with regard to Copley Courts that in 1917 prior to the entrance of this country into the war, this apartment house was 50 per cent vacant.

Mrs. Clara Simonson stated (record, p. 692) that the Ashley apartment house, during 1913, 1914, and 1915, had so many vacant apartments that "they did not know what they would do with them." Saying further, "I can almost take my oath that for 10 months we were the only occupants on * * * the third floor."

Returns on property.—Mr. W. H. Barrett testified (record, p. 873) that the Alonzo Bliss properties in 1916 paid 4 per cent and in 1917 only 3½ per cent.

John T. Meany, of Stone & Fairfax, stated (record, p. 856) that prewar conditions "were very unsatisfactory to owners."

There is other testimony of similar import to be found in the record.

PRESENT CONDITIONS.

Development of housing scarcity.—The housing problem in the District of Columbia did not become acute until the spring of 1918, about one year after the United States declared war on Germany. Capt. Peyser testified on this point (record, p. 801) that at that period the District Committee of the House of Representatives instituted an investigation of the subject, which resulted in the adoption of the Saulsbury resolution.

William P. Richards, assessor for the District of Columbia, whose office has the assessing of all real and personal property in the District, said (record, p. 797) that the market values of real estate had advanced but slightly since 1914 and mostly in the business sections, that the advance has been about nine million or an assessed value of about six million, making about 3 per cent on improvement values.

The increased values is brought about by increased population, and in the future witness believes that when conditions become normal there should be a building rate of ten or twelve million and that the building rate would then reflect the value of the land so there would be an increase in land values.

Causes.—The shortage in housing facilities is due to two primary causes, (a) the great increase in population during the war, and (b) the practical cessation of building operations.

Effects.—This has led to very undesirable and congested conditions in housing. Mr. Edward E. Britton, vice president of the Tenants' Protective League, testified (record, p. 685) that it had caused overcrowding and was having a bad effect upon the health and morals of the people, particularly young girl war workers. He also expressed the opinion that this condition was operating to the detriment of efficiency in the Government service.

Mr. Britton also stated (record, pp. 679-685) that he had received many evidences that rents here had advanced far beyond those in other cities. Miss Mary E. Hanaughan also gave testimony on this point (record, p. 700). Similar statements were made by Mr. David I. McClelland (record, p. 721) and Mr. A. D. Fairbain (record, p. 743).

Tenants forced to buy.—One of the first developments in the housing scarcity was the campaign instituted by real estate owners to force tenants, Government clerks and others, to purchase homes. "Vacate or buy" was the slogan. Many cases of this character were cited by Mr. Britton (record, p. 684) and Capt. Peyser (record, p. 801) as coming under their notice in their respective official ca-

pacities. Ex-Congressman W. J. Purman also gave testimony to this effect (record, p. 724). This situation has continued increasingly throughout the war and is to-day a large factor in the scarcity of rental property. As soon as dwellings become vacant they are taken off of the rental market by the owners, who see an opportunity to sell at the "peak" of the market. This was disclosed by investigation and is amply evidenced by a comparison of the "for rent" and "for sale" columns on the classified-advertising pages of Washington newspapers.

SAULSBURY RESOLUTION.

The Saulsbury resolution was approved May 31, 1918. It was designed to preserve the status quo of rents and to prevent evictions and threatened evictions in order to increase rents or compel tenants to purchase.

That it has served, at least, some of these purposes and has enabled tenants to hold their homes against the demands of landlords and owners is amply borne out by the testimony. Capt. Peyser cited numerous cases of this character (record, p. 809), and stated that his organization received from 5,000 to 10,000 complaints, in over 3,200 of which the history of the case and written or documentary evidence was obtained. He testified that his office defended a large number of eviction cases in court, and in almost all of them the issues were decided in favor of the tenant under the Saulsbury resolution.

Specific instances where tenants held property against demands for increased rent are found in the testimony of Dr. J. G. Bulloch (record, p. 677), Edward E. Britton (record, p. 681), Clara B. Simonson (record, p. 691), and Helen B. Roy (record, p. 768).

There is much testimony, however, in the record which shows that the Saulsbury resolution did not check profiteering in rents. There being no provision in the resolution preventing landlords from re-renting dwellings which, for any reason became vacant, at an exorbitant rate, this became the general practice, often one apartment in a building renting for two or three times as much as the rental price for other similar quarters in the same building. A specific case in point is testified to by Mr. Percy H. Russell with reference to his apartment house, the Newport. His statement (record, p. 928) is as follows: "Well, for example, one apartment rented for \$26. When the tenant vacated I fixed it up and rented it for \$75." Mr. Russell attempted to justify this action on the ground that his net return on the apartment house was less than 2 per cent, but the admission that he rented a \$26 apartment for \$75 remains. Other testimony along this line is found in the record at pages 746, 764, 769, and 778, as well as elsewhere.

That the resolution did not prevent merciless profiteering in the subrenting of both furnished and unfurnished rooms, apartments, and dwellings is apparent from a glance at the testimony, and is dealt with under the heading of "Subrenting."

Another injustice which has resulted under the Saulsbury resolution is that in many instances owners of property who desired to occupy the same and who were equitably entitled to possession were forced to live in unsuitable quarters at excessive rentals, while the tenant in possession of their property held the same at a moderate price, and in some instances subrented at exorbitant figures. Testi-

mony to this effect will be found on pages 895, 723, 911, 922, and 785 of the record.

Taken altogether, the greater weight of the testimony would indicate that the Saulsbury resolution is wholly inadequate to meet the rental situation in the District of Columbia, and that some other and better form of legislation should be adopted.

RENTAL CONDITIONS.

Rents increased.—Rents in the District of Columbia have advanced considerably since 1916 and demands for further increases are constantly being made upon tenants by landlords. Some of the testimony upon this point is as follows:

Dr. J. G. Bulloch stated (record p. 677) that rents in the Octavia apartment, owned by Mrs. Barrett, were advanced $16\frac{1}{2}$ per cent for 1918 over 1917, and that a further advance approximating 33 per cent over 1917 was demanded for this (the coming) year.

Mr. E. L. Finch testified (record p. 686) that rents in Copley Courts were advanced 12 per cent in 1918 over 1917; that he agreed to a 5 per cent increase in compromise, and that for the coming year has been asked to pay 40 per cent increase. He stated that the increases applied to all other tenants in the building.

Mr. George E. Hosick stated (record p. 755) that all tenants in the Wood apartment, Lieberman & Hawn, agents, had received notice that rents would be advanced 55 per cent October 1, 1919. This notice was in writing and is contained in the record.

Mr. E. E. Britton told of the demand made upon him for an increase of 30 per cent (record p. 679) by Mr. Van Antwerp, and stated that other tenants in the building had been notified of a like advance in rent for the coming year. Many other cases of rent increases are cited by Mr. Britton in his testimony.

Mr. R. E. Mehurin submitted a written statement of the amount of rentals to be charged for apartments in the Truxton (record p. 765) which he received from the owner, Margaret J. Calvin, on June 7, 1919. The increases shown are from 53.3 per cent to 70 per cent.

Mr. W. Carson Ryan, jr., president of the Federal Employees' Union No. 2, cited a number of cases of rent increases and submitted documentary evidence in support of his testimony.

Mrs. L. Sontag stated (record p. 770) that rents in Copley Court had been advanced 13 per cent in 1918 over 1917 and that a demand had been made upon her to pay 60 per cent increase in 1919.

Mr. J. H. Wilson submitted (record p. 772) a notice from Lieberman & Hawn, agents for the Mississippi apartments, stating that his rent would be advanced 23 per cent upon October 1, 1919. Mr. Wilson testified that he had paid a 10 per cent increase over 1917 last year.

J. W. Collins testified (record p. 790) that he had received notice of an increase of 40 per cent for the rent of his apartment in the Rovalton.

Mrs. Roberta Bradshaw stated (record p. 784) that her rent had been advanced 15 per cent in 1918 and this year a demand had been made for an increase of 16 per cent. Her apartment is in Pelham Court.

Other testimony on this point will be found at pages 720, 691, 694, 757, 773, 776, 754, 741, 792, and 928 of the record. In addition, the testimony of Capt. Julius Peyser, beginning on page 799 of the record, contains reference to a great number of cases of rent increases.

One of the most extreme cases found in the testimony is that of the Birmingham apartment, owned by Dr. George H. P. Cole, testimony regarding which was furnished by Mrs. Rena Smith (record p. 778), Mrs. Carl F. Bond (record p. 780), and Mrs. Helen B. Roy (record p. 768). A fire occurred in this apartment in the spring of 1919 and the tenants were induced to vacate the same while repairs were made, after which they were informed that, in order to regain possession of their apartments, they would be required to pay an increase of 100 per cent in rent.

Coercion by landlords.—In many instances tenants have been threatened with eviction or large increases in rent (the inference being that such threats would take effect when the Saulsbury law ceased to be operative) if they did not comply with demands made upon them by owners and agents. Notices and letters in writing, containing such threats, were submitted by Mr. George E. Hosick (record p. 756), Mr. J. H. Wilson (record p. 772), and Mr. J. W. Collins (record p. 792). Capt. Peyser also cited a number of such cases in his testimony (record pp. 804, 805-11), as did also Mr. E. E. Britton (record p. 681).

Repairs not made.—Notwithstanding these increases in rents, the testimony shows that landlords have in almost every instance failed or refused to keep the property in repair and in many cases tenants were forced to go to the expense of making repairs which were absolutely necessary. Some of the witnesses who gave testimony on this point are: David I. McClelland (record p. 720), Dr. J. G. Bulloch (record p. 678), Mrs. Clara B. Simonson (record p. 691), Eugene E. Gaddis (record p. 757), and Mr. Samuel Bride (record p. 694). Mr. Bride's testimony is in part as follows: "So finally I requested them to let me have the material and I would have it done myself. I did not get the material, so I had to furnish the material and do the work myself."

Mr. J. T. Meany, rental agent for Stone & Fairfax, testified (record p. 855) that "quite a number" of their apartment houses and dwellings had been allowed to run down and get out of repair.

Charges denied by landlords.—Denials by landlords of charges made by tenants of demands for increased rent, threats of eviction, failure to make repairs, etc., are noted in a great many cases. Such testimony was given by T. W. Buckey (record p. 795), W. E. Richardson (record p. 862), Mrs. Margaret Amberger (record p. 912), Dr. J. D. Coblentz (record p. 898), T. F. Schneider (record p. 915), M. J. Luchs (record p. 920).

Mr. Charles S. Shreve, secretary of the Real Estate Brokers' Association, admitted (record p. 880) that "some profiteering" had been done by his associates.

Further increases proposed.—Almost without exception the agents and owners who appeared before the committee testified that they intended to make further increases in their rents over and above the 1918 rates, all claiming that at present the properties were not earning adequate returns upon the investments.

Joseph A. Haden, agent, testified (record p. 884) that a 30 per cent increase over 1918 rates would be justifiable. The agent for Willard Courts and Copley Courts testified (record p. 862) that 30 per cent increase was necessary to give an adequate return. J. E. Powell, of the F. H. Smith Co., testified (record p. 910) that property which his firm controlled had been increased in rental 5 per cent to 10 per cent for 1918 over 1917, and that a further increase for 1919 of 25 per cent was necessary. Mr. Hobbs, testifying for the owner of Wardman Courts (record p. 918) stated that it was the intention to increase their rentals 15 per cent to 20 per cent over 1918 rates.

Dr. Coblentz stated (record p. 901) that he intended to increase his rental prices 20 per cent to 25 per cent as soon as possible. Mr. Allen E. Walker, owner of the Parkwood, testified (record p. 904) that he expected to increase his rental charges by 50 per cent in order to secure a proper return on the value of his property. Mr. Clark, owner of a small apartment at 1724 T Street NW., stated that he intended to increase his rents 35 per cent to 40 per cent. Other agents and owners testified that increases ranging from 10 per cent to 30 per cent would be justifiable.

SUBRENTING.

While there may be some question as to whether, in a large percentage of the cases heard by the committee involving real-estate owners and agents, profiteering was being committed, this can not be so in the case of subrenting. The record abounds with testimony on this point and it is not necessary to discuss the same at great length here. Capt. Peyser testified regarding subrenting as follows (record p. 812):

I think in a great many cases the tenant is overcharging the subtenants. I had reported to me hundreds of cases where the tenants paid a nominal sum for the apartment and rent out either a room or rooms and make two or three hundred per cent * * *. Certain people have rented a number of unfurnished houses and apartments throughout the city. The rooms in those houses or apartments are furnished with furniture worth but a few dollars and they have sublet them for exorbitant prices, and they have made a business of doing nothing else but that line of work.

Mr. W. E. Richardson testified (record p. 869): "We have found in a great many cases of subletting that the prices were exorbitant. * * *. In one apartment which rented for \$40 they are charging \$140 on a sublease."

Mr. J. W. Staggars stated (record p. 707) that 70 or 80 per cent of the profiteering was done in subletting.

Mr. Edward E. Britton cited (record p. 684-686) a number of cases of profiteering in subrenting.

Other testimony on this point is found in the record at pages 870, 871, 875, 879, 898, 810, 706, 723, 916, and 911.

Another feature with regard to subrenting is that landlords often make an additional charge for rent to a tenant for the privilege of subletting rooms. This was testified to by Dr. J. B. Coblentz (record p. 900), Edward E. Britton (record p. 684) and W. Carson Ryan, jr. (record p. 765).

Persons are also forced to buy the furnishings of an apartment at exorbitant prices in order to obtain a place to live. (Record p. 868.)

In rooming houses as many as six girls occupy one room and pay large prices for the privilege (Mary E. Henaughan; record p. 700; C. B. Hemingway, record p. 751).

Capt. Peyser said, regarding rooming houses (record p. 811):

There were cases where men or women were paying \$45 for a room in an apartment where the whole apartment was rented in normal times for \$45. That was an everyday occurrence. The files that I had in the War Department contain about 3,500 complaints some of which would disclose these facts.

ADEQUACY OF RENTAL PRICES.

Are present returns adequate?—The testimony of agents and owners of rental property who appeared before the committee was to the effect that the present rents they are receiving are insufficient to afford an adequate return upon the value of the property. Some owners claimed that apartment houses testified about were not paying operating expenses, and in practically every case the claim was made that rental property, notwithstanding such increases in revenue as had been obtained, was not paying as much as 7 per cent.

T. Franklin Schneider, owner of the Cairo apartment, stated (record, p. 913) that although his net returns from that apartment for the year 1914 were \$6,947 and for 1918 had increased to \$21,691.41, he was making less than 4 per cent on the value of the same. His statement referred to the five-year period 1914 to 1918, inclusive, and it is presumed that his return for 1918 was considerably more than 4 per cent. He did not furnish any detailed information.

Practically every agent and owner testifying stated that the increased cost of operation, repairs, fuel, etc., made further increases in rent necessary, and in a few instances detailed statements of expenses for past years were obtained. An analysis of this testimony shows that in almost every instance where detailed information concerning items of expense is given there is included a charge for interest paid on loans, mortgages, etc. This will be found by an examination of the testimony concerning the Cavendish apartment (record, p. 857), Willard and Copley courts (record, p. 866), the Portsmouth apartment (record, p. 881), the Henrietta apartment (record, p. 902), the Octavia apartment (record, p. 829), Parkwood apartment (record, p. 904), and Rutland courts (record, p. 907).

Mr. F. H. Duchay testified (record, pp. 881-882) and furnished detailed information with reference to the Portsmouth apartment. His figures show that in 1915 he collected \$14,912.50 in rents, paid expenses amounting to \$5,858.60, leaving \$9,053.90 net; that he also paid an interest charge of \$4,125, which would leave \$4,928.90 as the return on his investment. In 1918 he collected \$17,048.25 in rents, paid expenses amounting to \$7,913.97, leaving \$9,134.28 net, from which he paid \$4,500 interest, leaving a balance of \$4,634.28. He stated that the value of the apartment was \$125,000. Mr. Duchay's statement, as submitted, included the item of interest with the item of expense, and while he did not make the direct statement that the property was not affording an adequate return, his figures tend to show that in 1918 he received as a return on his investment of \$125,000 only \$4,634.28, or less than 4 per cent, and stated that he intended

to increase his rents. He failed to state what incumbrance there was upon the property, but it is fair to assume that the \$4,500 interest is 6 per cent upon a loan of \$75,000. This means, of course, that Mr. Duchay has only \$50,000 actually invested in the property, and that, after paying the interest on the loan, his actual return upon his investment of \$50,000 was \$4,634.28, or more than 9 per cent, for the year 1918.

A similar case is found in the testimony of Mr. Alfred Higbee (record, p. 907) concerning Rutland Courts. Mr. Higbee did not give the value of the property, but stated that the net return of \$9,000 which he received would be less than 3 per cent. An analysis of the figures submitted by Mr. Higbee shows that he had included in his deductions from the gross return an item of \$10,984.25 which he had paid toward the reduction of the loan on the building, as well as \$12,300.19 interest on the loan. On cross-examination he admitted that the amount paid on the principal was not a proper deduction, but failed to make any explanation with regard to the interest payment. Adding this interest payment to the \$9,000 which Mr. Higbee admitted he received would make a total net return of \$22,951.90 on Rutland Courts. As Mr. Higbee stated that \$9,000 was "less than 3 per cent" return, and that is the only basis which was given, it must be assumed that \$22,951.90 was as much as 7 per cent return on this apartment house. Mr. Duchay also stated that it was his intention to increase rents at least 10 per cent.

It is obvious that such statements as those above referred to could not be made in good faith. The figures given by other apartment house owners were incomplete, their statements consisting for the most part of expenses paid, with few items given, although each had been requested to furnish detailed and itemized statements. Testimony with reference to some apartment houses, such as the Dresden and Wardman Courts, showed that adequate returns were being realized, but on the whole the statements of apartment house owners with reference to the adequacy of returns was unsatisfactory and does not carry the conviction that this class of property is in crying need of relief in the form of increased rentals.

No concrete evidence was adduced with regard to returns realized on dwellings or business property, with the exception of the testimony of Mr. M. J. Luchs, giving figures as to the building at 1300 F Street NW. Owing to the circumstances under which this property is maintained it can not be considered as representative of business property generally and should not be used as a basis.

CONSTRUCTIVE SUGGESTIONS.

Stimulation of building.—Various suggestions were offered throughout the testimony, many to the effect that the appointment of a rent administrator or commission would be highly desirable. It was stated that building should be stimulated in order to relieve the congestion and in order to encourage construction of housing accommodations it was suggested by Mr. Bates Warren (record, p. 930) that the Saulsbury law be repealed and no legislation substituted. Mr. Warren stated, however, that if any legislation was adopted, a rent commission would be preferable.

Several witnesses stated that the prime causes for the lack of building operations at the present time were the high cost of materials, uncertainty as to what legislation regulating rental and other property would be adopted and the increasing difficulty of obtaining money for building purposes from banks and trust companies.

A suggestion was offered by Mr. J. E. Powell (record, p. 909) that property owners should be allowed to receive a net return of 10 per cent on rental property, this to cover depreciation.

Mr. Percy H. Russell (record, p. 925) stated that owners should receive 7 per cent to 15 per cent net return.

Proposed legislation.—Mr. Bates Warren (record p. 930) testified at considerable length concerning proposed legislation, stating that property owners should receive from 7 per cent to 10 per cent net, depending upon the class of property, and that in the case of furnished dwellings the owner should receive from 2 per cent to 4 per cent per month upon the value of the furnishings. Mr. Warren also suggested that it would serve to stimulate building in the District of Columbia if the Government would lend money to builders, and that this was preferable to the Government attempting to build apartment houses or homes.

11. PRICE FIXING.

Farmer, retailer, wholesaler—every tradesman examined by the committee—denied any knowledge of price fixing.

James A. Head, a retail meat dealer of Center Market, stated, "There is no understanding as to price among the retailers," and it was brought out in subsequent testimony that in practice there was no need for such an "understanding," because of the ease with which one butcher can find out what price one of his competitors is offering, and regulating his own accordingly. The simple economic operation involved in the Center Market meat business makes a single retail price level inevitable.

Speaking for the farmers, John F. Rowland stated that prices were fixed at the produce commission market by individual barter and by the normal processes of supply and demand. The farmers have no agreement among themselves as to prices; they could only control prices by restricting or regulating the amount of produce brought to market from day to day, and there is no testimony or inference that the farmers engage in such practices.

The produce commission merchants made specific denial of price fixing. They insisted that supply and demand fixed the price. At 2 o'clock in the morning, when the purchasing from farmers opens, the first price offered is that of the previous day, but in a short time the sellers and buyers match their wits against each other in gauging what the actual supply of produce offered during the morning will be, and a new basis of prices is found.

At no place in the testimony was there any definite information as to price fixing furnished from any source. The fluctuations in prices for the identical commodity in different stores—fluctuations not explainable either by striking differences in the character of the store's patronage or its location—would indicate that there is no organized price fixing in the retail field.

12. CAUSES EXPLANATORY OF HIGH PRICES.

Among the many general causes explanatory of existing high prices advanced before the committee by various persons, expansion of the currency, scarcity of commodities and labor, and an alleged defective system of distribution were the most important topics discussed.

EXPANSION OF THE CURRENCY.

A comparative study of wholesale prices in the United States, from the beginning of the Civil War up to the present time, was submitted by Mr. Herbert C. Marshall, assistant chief of the Bureau of Markets, Department of Agriculture. This study shows "how a degree of correspondence can be traced between the quantity of money in circulation and the movement of prices," and it was further pointed out that "the important point in the present connection is not so much the relation of prices to the quantity of money, but the fact of the depreciation of the currency of the world and the resulting effect that the general average of prices is twice as high as when the war broke out. The change is due to inflation and the lowering of the value of the money of the world. Wholesale prices having risen greatly, it is inevitable that retail prices should rise."

Two other specialists who appeared before the committee cited currency expansion as one of the general causes of the high prices of to-day. One of these, Dr. Royal Meeker, Commissioner of Labor Statistics in the Department of Labor, stated that "the increase in the cost of living is most largely explainable by reason of the phenomenal increase in the circulating medium." Dr. W. E. Mosher, who is in charge of the economic and employment research work of the Joint Committee on Reclassification of Salaries of Federal Employees, stated the "primary cause of the high cost of living to-day" to be "large amount of paper money which has been floated since the outbreak of the war."

Dr. Harvey W. Wiley, who appeared before the committee in connection with its inquiry to milk production and costs, submitted also a paper dealing with the general economic phases of the present living costs. "Whenever you increase the volume of currency," he said, "you cheapen it. I have data here to show exactly the weights of the high cost of living, due to various causes." The paper to which he referred showed that "the cost of living has gone up 107 per cent since 1913. Currency has increased 71 per cent. * * * The inflation of the currency, depending on the dollar, is 65 per cent, and the diminished supply and increased demand (because of the war), 25 per cent." Actual profiteering is responsible for 5 per cent and "our extravagance" for the remaining 5 per cent, according to Dr. Wiley.

SCARCITY OF COMMODITIES AND LABOR.

Dr. Mosher, who cited currency inflation as the primary cause of high prices, stated that "the second main cause is the scarcity of materials prevailing throughout the world—a scarcity of raw materials and of manufactured materials," and coupled with that the scarcity of labor. That the "stock excuse" of the profiteer is increased labor cost, and that "for many commodities labor cost is

nothing like as great as it is made to appear," was the statement of Dr. W. Carson Ryan, jr., president of Local No. 2, Federal Employees' Union.

Reorganization of marketing facilities and better transportation accommodations "between the ultimate producer and the ultimate consumer" were urged by Dr. Meeker and Mr. Walter T. Durand of the Federal Trade Commission. "Far and away the most important thing that could be done to bring down the prices of perishable necessities of life would be to reform our distribution system," said Dr. Meeker.

The number of middlemen through whose hands a commodity passes—often as many as six, each of whom advances the price—was pointed out by Senator Capper as "one reason that the price when it comes to the consumer is so high they are all complaining."

LOCAL CAUSES.

While these general causes have all been felt just as keenly in Washington as in other parts of the country, there are in addition purely local causes for high prices—causes that do not enter into the situation elsewhere—according to many persons of varying opinion, who were heard by the committee. It was claimed that Washington ranks as the fourth most expensive city in the country in its food budget, and that since 1913 there has been an increase of 95 per cent in the cost of food here and practically a 90 per cent increase in the cost of living.

Representatives of the Chicago meat packing firms and local retail dealers are in accord on one subject when they attempt to outline local causes for high prices. This is that Washington consumers demand "the best of everything." "Nobody will buy a piece of corned beef or stew beef," was the statement of more than one retailer. "Nobody wants anything cheap," said a Center Market dealer. "It might sound odd, but it is a fact nevertheless."

Other statements were to the effect that the local distribution system is poorly arranged, that the markets are not "strategically located," and that local transportation facilities are such that rail and water terminals are not located where food can be distributed to the retailers or to the consumers most economically.

With reference to the question as to why increase of population should tend to increase commodity prices in Washington, inasmuch as the volume of business tends to reduce the cost to the individual. Dr. Meeker stated his opinion that "the transportation facilities were not sufficient to bring into Washington foodstuffs in the same relative abundance per person that they were brought in before the war exigency came upon the city."

Increase costs of labor and delivery service were cited by retail dealers as incidents of present prices, but no definite data was submitted to show the relative bearing such advanced labor costs have on present-day prices.

A very definite citation was offered by Dr. Wiley, speaking as a milk producer. "Whenever we get a higher price for milk," he said, "the consumer pays just double what we get."

13. CONSTRUCTIVE PROPOSALS.

THE COOPERATIVE SYSTEMS.

Constructive programs relating to the lowering of present price levels, to simplifying and standardizing the processes of distribution, and to eliminating the practices grouped under the general caption of "Profiteering," were offered to the committee in wide range and variety.

First among these constructive ideas was that of developing and strengthening the practice or system of cooperative purchasing by consumers. This was advocated, of course, on the ground that it furnished a direct route from producer to consumer, cutting out the intermediate profits of middlemen. Its success in European countries was cited, particularly in England.

Dr. William E. Mosher, in charge of the Economic and Employment Research Work of the Joint Commissions on Reclassification of Salaries stated "that the cost of living has been greatly reduced in certain European countries because they have developed the ability to buy together and to sell together on a cooperative basis. Cooperative societies are doing millions upon millions of dollars' worth of business in these foreign countries." He called attention to the increasing interest being given to the possibilities of cooperative buying by trade-union circles, and put emphasis upon the plan of the North Dakota farmers to market their products through the Chicago trade unions.

Dr. Royal Meeker, Chief of the Bureau of Labor Statistics, expressed similar confidence in the cooperative movement, but said he did not know "Whether the American people can be brought to realize the importance of doing things cooperatively instead of depending altogether upon private enterprise and private initiative or so-called enterprise."

Similar indorsement of cooperative purchasing was given by several other witnesses. It was pointed out by Dr. W. Carson Ryan, president of Local No. 2 Federal Employees' Union (record, p. 43) that the cooperative movement in the District of Columbia is developing under a certain amount of difficulty, since there is no act of Congress which permits cooperative societies to incorporate in the city.

The cooperative idea in Washington is still largely in the formative and experimental stage, and in certain cases, owing to improper administration or failure on the part of members to understand the fundamental idea of cooperation, has been a failure. There is at present a Cooperative Association in the Interstate Commerce Commission and the Railroad Administration, with three hundred fifty to four hundred members. Perishable goods are not handled, and its operations are comparatively small. The Bureau of Standards of the Interior Department, the Post Office Department, and various other Government Bureaus are working at the cooperative idea in a modest way.

In a suburb of the city, Park View, a community center has been organized which has developed community buying to a considerable degree.

Testimony about this work was given to the committee by Edward J. Ward (record, p. 91), special community organizing of the Bureau of Education. It has been in operation only 14 months. As an instance of the saving effected by the cooperative system, Mr. Ward cited the fact that oysters were selling at 40 cents a quart in Park View at a time when they were selling everywhere else in Washington at 80 cents a quart.

The Cooperative Store of the Post Office Department has more than 1,000 members, and is supplied with fresh goods daily by motor trucks which come directly from the farms.

Benjamin C. Marsh, of the Farmers' National Council, called attention to the bill which Senator Capper has introduced to encourage cooperative organization, and E. A. Calvin, representing the Cotton States Official Advisory Marketing Board, stated that cooperative buying, plus publicity, would solve the problem of the high cost of living, in his opinion.

He made this statement:

I believe that if you would show the people that potatoes are bringing twice to three times as much in Washington as the farmer is getting, that this would be a great incentive for the people of Washington and other cities to form themselves into clubs, cooperative clubs, to buy independently.

There was no testimony offered antagonistic to the cooperative system. There were a number of casual references in the testimony before the committee to the fact that, in general belief, certain influences among the retailers, wholesalers, and producers had worked in conjunction to wreck any cooperative movement in Washington whenever it threatened to become formidable, but there was no definite testimony on this point.

In the independent investigation conducted by the committee it was pointed out by observers that a union or amalgamation of the cooperative societies now in existence would enable them to effect still greater economies in purchasing, and to develop a distribution system which would eliminate most of the defects of the cooperative plan as it is now worked out.

REORGANIZATION OF MARKETING SYSTEM.

Without making any detailed study of the present marketing system, or making any concrete proposals as to its reform, Dr. Royal Meeker stated through the committee that "one of the most important things that could be done to bring down the prices of the perishable necessities of life would be to reform our distribution system. By that, I mean take care of transportation facilities between the ultimate producer and the ultimate consumer. Most of the wastes of perishable foodstuffs come between the terminals and the ice chests of the ultimate consumers. We have no adequate distribution system."

Walter Y. Durand, of the Federal Trade Commission, supported this statement by saying that "very great reductions in the cost of living could be found through a reorganization of our marketing system in order to do away with unnecessary costs."

Dr. Meeker also stated that some form of legislative control of such combinations as the packers, or of retail and wholesale merchants, was necessary.

STABILIZING THE PRICE LEVEL.

Entirely outside of the immediate problem in the District of Columbia, Dr. Royal Meeker stated that the first important action to be taken in relation to the cost of living is to stabilize the price level. He added that it was his opinion that a general falling price level would cause economic disturbance, and that it would be a wiser policy to maintain prices at their present point.

PROPER REFRIGERATION SERVICE FOR SMALL PACKER.

During the discussion of the meat trade, the packers reiterated their argument that they are not making undue profits in relation to the gross volume of business which they handle, but insisted that they had perfected an organization which brought meat to the consumer's table cheaper in relation to service rendered than any other organization which could be devised. They pointed to their average of meat prices at their Washington markets as conclusive evidence that they were not profiteering.

While the Big Five packers stated that they neither tried to suppress competition from smaller packers nor would be able to suppress it if they tried, the testimony of E. O. Whitfield, of the Old Dutch Market Co., of Washington, which slaughters a portion of the meats it retails at its own abattoir in Frederick, Md., took exception with them on this point. Mr. Whitfield stated:

If the independent packer could get proper freight service in refrigerator cars from the railroads, you would not have to be worried about competition in the meat business, because the smaller packers would grow and flourish, if they got that kind of service. They can not get it by any system of part ownership by the packers and part ownership by the railroads. They can get it only by having the big packers get out of the railroad business.

It is proper to state in connection with the testimony of E. O. Whitfield that the railways of the country do not own or furnish refrigerator cars for freight service to the packers, either large or small. Such cars are built and owned by the packers themselves, and are transported by the railroad companies on equal terms to all the packers so owning them. The only way to furnish refrigerator-car service to the small packer, unable to own them for himself, is for the Government or some State agency to build and furnish them, either to the packer direct or to the railroad company, to be furnished as other freight cars. The railways have declined to go into that line of car service. The hearings show it was developed and used for fresh-meat marketing by the so-called Big Five packers. Any advantage growing out of the use of refrigerator cars is that incident to the ownership of that class of property. No special advantages or rates are given any of the packers by the railways in carrying such cars. Anyone who owns them obtains service from the railways under the Interstate Commerce Commission's regulations.

MUNICIPAL ABATTOIRS.

The suggestion of having municipal slaughterhouses was advanced several times in the course of the hearings. Mr. Whitfield testified in opposition to the idea, saying it could never compete with a prop-

erly managed private enterprise, and Mr. Counselman, one of the retail meat dealers of Center Market, said that there was such a small supply of cattle for slaughterhouses in the vicinity of Washington that a municipal abattoir would have practically no influence on the price of meats here.

Senator Capper asked one of the Center Market dealers if any economic disadvantage would result if the number of retailers in the market were cut 75 per cent, so as to pool overhead expenses and the costs of delivery, etc. The witness gave no direct answer, saying that the market was "so busy that you had to have people there to serve the customers."

PROPER BOOKKEEPING.

Another important proposal, advanced by Dr. W. E. Mosher, related to improved bookkeeping by retailers. He said that "an investigation of profiteering is primarily a proposition for expert accountants. But there are many firms which you can not satisfactorily investigate because of their poor methods of bookkeeping. The Federal Trade Commission has for some time past been carrying on a propaganda, the aim of which is to have a proper cost-accounting system introduced among the business men of the country."



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